SENATE.

WEDNESDAY, *September 3, 1913.*

The Senate met at 11 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

The Journal of yesterday's proceedings was read and approved.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 2319) authorizing the appointment of an ambassador to Spain.

The message also announced that the House had passed a bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS.

Mr. JONES. I have resolutions adopted by the Commercial Club of Seattle in reference to the wreck of the steamship *State of California* in Alaskan waters on August 17, and urging the necessity of increased aids to navigation in those waters. I ask that it may be printed in the RECORD and referred to the Committee on Commerce.

There being no objection, the resolutions were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

The English-speaking world has again been called upon to shudder at the recital of a disastrous wreck in Alaska waters. For years petition after petition has been presented to the proper authorities, requesting aids to navigation, better facilities, and more thorough survey of the inland waters of this the most valuable outside Territory of the United States, but with little effect. Each passing year witnesses some disastrous wreck on this coast which in almost every case is due to the absence of aids to navigation or the fact that the waters have been improperly charted.

Whereas on the morning of August 17 the steamship *State of California* struck a reef in Gambier Bay, southwestern Alaska, and in three minutes went to the bottom, and with the awful death toll of 32 souls as a relic of the direful event; and

Whereas this steamship was traveling over a route not usually covered by steamships, owing to the fact that it was engaged in aiding the industrial development of a frontier section of Alaska, specifically for the development of fishing and other industries on the Prince of Wales and other important islands of the western coast, whose waters are almost wholly uncharted and practically no aids to navigation exist; and

Whereas for years past wrecks of all kinds, amounting to millions of dollars, have occurred in the Alaskan Archipelago, resulting in tremendous financial loss as well as a large number of human lives: Therefore be it

Resolved, That the attention of the Congress of the United States be drawn to this condition, and that Senators, Members of Congress representing the State of Washington, and the Delegate in Congress from the Territory of Alaska be requested to bring this matter directly before the House of Representatives, and that they be urged to introduce a bill in those bodies calling for a full investigation; and be it further

Resolved, That the Senators and Representatives and Delegate mentioned above be requested to produce, or have produced, for such investigation full facts regarding the uncharted waters of Alaska from the United States Coast and Geodetic Survey and the Hydrographic Office of the United States Navy, as well as a report covering the need of further aids to navigation from the Bureau of Navigation and the United States Lighthouse Board; and be it further

Resolved, That the Commercial Club of the city of Seattle respectfully request immediate action on the part of the Representatives of the State of Washington in the matter of the above, owing to the urgency of the case and growing importance of Alaska and the steady increase in its shipping and commerce relations.

Mr. NELSON presented a memorial of the congregation of the United Norwegian Lutheran Church in convention at St. Paul, Minn., remonstrating against the reestablishment of the Army canteen, which was referred to the Committee on Military Affairs.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 3072) granting an increase of pension to Hulda L. Winter; to the Committee on Pensions.

By Mr. OLIVER:

A bill (S. 3073) granting an increase of pension to Ira Felt (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 3074) granting an increase of pension to Julia McCarthy (with accompanying papers); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 3075) granting an increase of pension to James B. Kendall; and

A bill (S. 3076) granting an increase of pension to Henry Willis; to the Committee on Pensions.

THE LEVANTINE GRAPE (S. DOC. NO. 178).

Mr. FLETCHER. Mr. President, at the request of the Senator from Arizona [Mr. SMITH], who could not be present at the opening of the session to-day, I present a brief on the Levantine grape, generally designated commercially as currants, which I desire to have printed. As I stated, it bears on the subject of currants, and the matter is, I believe, involved to some extent in the pending tariff bill. I have had an estimate made of the cost to print it, which will be about $140, if it is printed as a public document. It is a matter of great interest to the people of California, Arizona, and that section of the country, and I believe it is in every way worthy of publication.

Mr. SMOOT. Have the illustrations been taken out?

Mr. FLETCHER. The illustrations will be omitted, except the plates furnished by the Department of Agriculture.

Mr. SMITH of Arizona entered the Chamber.

Mr. SMOOT. I wish to ask the Senator a question. Has the substance of this paper been already published by the Agricultural Department?

Mr. SMITH of Arizona. No; it has not.

Mr. FLETCHER. To only portions of it reference has been made in some of the reports, I think.

Mr. SMOOT. By whom was the paper prepared?

Mr. SMITH of Arizona. By Mr. Tarpey, of California. The question is one affecting the rates of duty in the tariff bill. I hope the Senator from Utah will not raise a question as to the printing of the paper.

Mr. SMOOT. I am raising no objection at all. I am asking a question for information.

Mr. SMITH of Arizona. When the Senator has asked for the printing of a public document I have never gone to the extent of asking him about it or examining him as to what it contains. I will state that it is a matter which affects the people of Arizona, California, and southern Nevada. It is a question as to what is a true currant or a true grape.

Mr. SMOOT. Perhaps the Senator does not understand my position. It is that if the information has already been published by the Agricultural Department, or if it is a part of an Agricultural Department bulletin, there would be objection to having the matter printed as a public document. But the Senator assures me that it is not, and that it was prepared by a gentleman outside. I have not any objection to its being printed as a public document.

The VICE PRESIDENT. Without objection, the paper will be printed as a public document.

The morning business is closed.

THE TARIFF.

Mr. SIMMONS. I ask unanimous consent that the Senate proceed to the consideration of House bill 3321.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Mr. BRISTOW. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Norris	Smith, Ga.
Bacon	Gallinger	O'Gorman	Smoot
Bankhead	Hollis	Oliver	Stephenson
Borah	Hughes	Overman	Sterling
Bradley	James	Page	Stone
Brady	Johnson	Penrose	Sutherland
Brandegee	Jones	Perkins	Swanson
Bristow	Kenyon	Pomerene	Thomas
Bryan	Kern	Reed	Thompson
Catron	La Follette	Robinson	Thornton
Chamberlain	Lane	Root	Tillman
Chilton	Lea	Saulsbury	Vardaman
Clapp	Lippitt	Shafroth	Walsh
Clark, Wyo.	Lodge	Sheppard	Warren
Clarke, Ark.	McCumber	Sherman	Weeks
Colt	McLean	Shields	Williams
Cummins	Martin, Va.	Shively	
Dillingham	Martine, N. J.	Simmons	
Fall	Myers	Smith, Ariz.	

Mr. STERLING. I will state that my colleague [Mr. CRAWFORD] is necessarily absent on business of the Senate.

Mr. McCUMBER. My colleague [Mr. GRONNA] is unavoidably absent. He has a general pair with the senior Senator from Illinois [Mr. LEWIS].

Mr. JONES. I desire to announce that the junior Senator from Michigan [Mr. TOWNSEND] is necessarily absent from the city. He is paired with the Senator from Florida [Mr.

BRYAN]. I make this announcement that it may stand for the day.

The VICE PRESIDENT. Seventy-three Senators have answered to the roll call. There is a quorum present.

Mr. SIMMONS. I understand that the Senator from Kentucky [Mr. BRADLEY] desires to go back to the beginning of Schedule J and offer an amendment at that point.

Mr. BRADLEY. I submit an amendment and ask that it be read.

The VICE PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 83 insert a new paragraph, to be numbered 275, in place of paragraph 275, stricken out by the committee, as follows:

275. Hemp, hackled, known as line of hemp, 2½ cents per pound; hemp, not hackled or dressed, 1¼ cents per pound; tow hemp, 1¼ cents per pound; jute and jute butts, 1¼ cents per pound.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kentucky.

Mr. BRADLEY. Mr. President, I dislike at this late day in the consideration of the tariff bill to detain the Senate, but I will ask a few minutes' time in explanation of the amendment.

Hemp, according to the statement of the Agricultural Department, can be grown profitably (if properly protected by a duty) in three-fourths of the States of the Union. It is especially valuable for cordage, webbing, warp, canvas, and any other article that must have unusual strength and durability. It has been demonstrated that the finest linen in the world can be made of hemp, and not only a fine article of linen, but an article that has a gloss on it of a very silky appearance.

The possibilities of hemp are very great. It was once a thriving industry. There were $3,500,000 invested in it, 6,000 employees, and an annual wage of $1,250,000. There were then 417 mills in the United States. There are now less than 20.

The decrease in the production has become absolutely alarming. From 1899 to 1909 there was a decrease of 36.6 per cent in its production, there being in 1899 11,750,000 tons and in 1909 only 7,483,000 tons. Since that time the decrease has continued. There were at one time more than 100,000 acres grown in hemp. Now there are about 12,000.

It was formerly a very prosperous industry in Virginia, Kentucky, and Missouri, but it has now, as I said a moment ago, alarmingly decreased. I desire to submit, without taking the time of the Senate to read, a table showing the imports, value, revenue, and rates of tariff duty under the Dingley law and the Payne law on the different qualities of hemp.

Dingley bill, 1905.

HEMP, NOT HACKLED.

Imported	long tons	3,823
Value		$606,190
Revenue collected		$76,462

Duty, $20 per ton; ad valorem, 12.61.

Payne bill, 1912.

HEMP, NOT HACKLED.

Imported	long tons	3,916
Value		$843,471
Revenue collected		$88,117

Duty, $22.50 per ton; ad valorem, 10.45.

Dingley bill, 1905.

HEMP, HACKLED.

Imported	long tons	64
Value		$15,737
Revenue collected		$2,592

Duty, $40 per ton; ad valorem, 16.49.

Payne bill, 1912.

HEMP, HACKLED.

Imported	long tons	162
Value		$50,945
Revenue collected		$7,330

Duty, $45 per ton; ad valorem, 14.39.

Dingley bill, 1905.

HEMP, TOW OF.

Imported	long tons	21
Value		$2,907
Revenue collected		$420

Duty, $20 per ton; ad valorem, 14.95.

Payne bill, 1912.

HEMP, TOW OF.

Imported	long tons	918
Value		$202,642
Revenue collected		$20,660

Duty, $22.50; ad valorem, 10.20.

Now, notwithstanding the Payne law increased the rates in the Dingley law, importations increased. It will be asked why this is true, and if the increase of the tariff increases the importations why should we have a tariff? My information is that the reason why it is true is that in Russia and Italy, after the passage of the Payne bill, the wages of the laborers were materially cut down. The question here is, If it has been hard for us to live under the present tariff, how much harder will it be for us to live without any tariff?

Under the Payne law hemp not hackled imports increased from 3,823 to 3,916 tons; hemp hackled increased from 64 to 162 tons; hemp tow from 21 to 918 tons.

I also submit a table of the rates which were fixed by the present House bill in the way of duties on hemp, and estimates of importations and values, which have been stricken out in the Senate in order to make hemp free:

Hemp, not hackled.

Importations anticipated	tons	5,000
Value		$875,000
Revenue to be collected		$56,000
Duty, 6.40 ad valorem, or	per ton	$11.20

Hemp, hackled.

Importations anticipated	tons	500
Value		$150,000
Revenue to be collected		$11,200
Duty, 7.47 ad valorem, or	per ton	$20.00

Hemp, tow of.

Importations anticipated	tons	1,000
Value		$195,000
Revenue to be collected		$11,200
Duty, 5.47 ad valorem, or	per ton	$11.20

The Senate, however, is determined that even this slight assistance to the farmers shall be denied.

The present duty on hemp is full small, and I hope this rate may be inserted in the present bill.

The importation of foreign hemp from Russia and Italy has very much injured the hemp interest in this country, but that has contributed slightly, comparatively speaking. The chief cause of this injury is the free importation of jute and jute butts. Wages are paid our hemp laborers of 20 cents an hour, while in India, where jute and jute butts are produced, they are paid only 5 cents a day. Jute is a native growth of India and requires no cultivation. The only labor there is in cutting and breaking. Those laborers are composed of men, women, and children, who are ninety-nine one-hundredths naked. They do not even wear slit skirts or radio gowns. [Laughter.] That is the class of people who are destroying a great interest in this country.

The rate of increase in importation of jute and jute butts is absolutely alarming, increasing millions of pounds every year. I have placed in this amendment a duty of 1¼ cents per pound on jute and jute butts. I understand our friends on the other side desire some source of revenue. If that be true, this is the place to obtain it. My amendment will yield more than $3,000,000 per annum, and would in addition save the hemp industry of this country.

But while jute and jute butts are free under this bill, the manufacturers of jute are protected, notwithstanding it is largely manufactured in nearly every penitentiary in the United States; it is in fact one of the chief industries of many of the penitentiaries.

I want to say another thing, and hope I will not offend when I say it, that I have never seen the greediness of public men so manifest as it is upon this proposition, and this applies to many on both sides of this Chamber. Men who favor protection on every other article are in favor of free jute; and why? Because it gives cheap cotton bagging in the South and cheap grain bags in the country generally.

Mr. Dewey, of the Agricultural Department, is my authority for what I say, and he has made a careful and intelligent investigation of this question. He states that with proper protection hemp and flax would in a short while produce all the bagging and grain sacks needed and by reason of competition would eventually be produced as cheaply as they are bought to-day.

The articles which are manufactured from jute are very inferior. It is true you get them cheap; but while a carpet with a hemp warp would last in the olden time for 20 or 30 years, if you have one made out of jute and dance the tango on it once it is gone. [Laughter.] So it is with all articles made from jute. Even grain sacks, I understand, can not be used more than once. Grain sacks can be made from another source. We have in the South what is known as "low-grade cotton," which would make most excellent grain sacks, and a great industry could be developed in that way, and it could also be developed in hemp and flax.

The only market that hemp has is a special and very contracted one. It is confined to certain avenues of trade where it is absolutely necessary—for instance, cordage for use in the Navy. The consequence is that, having but a limited market, there is but a very limited supply of hemp raised in this country.

I want to call attention to one other fact and I am through. Mr. Dewey says that in case of war if this country were cut off from the foreign supply, the supply on hand from foreign countries would not last more than two or three days and we would be left absolutely without remedy.

I do not see why there should be a desire to destroy this industry in this country. It is now only barely living, and this bill will kill it. The House of Representatives in its bill did retain a certain small ad valorem duty, but the Senate committee has stricken that out. Now, I appeal to the Senate to restore a duty on hemp and to place a duty on jute and jute butts. I will ask for a division of the question, first on hemp and then on jute and jute butts. I will also ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BRISTOW. My attention was diverted, and I ask what duty does the Senator want on hemp? Is it on that that the Senator wants a vote?

Mr. BRADLEY. Two and a quarter cents on hackled hemp; on not hackled and tow hemp, 1⅛ cents; and on jute and jute butts 1½ cents per pound.

Mr. BRISTOW. What paragraph is that?

Mr. BRADLEY. Paragraph 492.

Mr. SMOOT. The present rate is $20 a ton.

Mr. BRISTOW. The House fixed the rate at half a cent a pound. What is the amendment proposed by the Senator from Kentucky? Please let it be reported.

The VICE PRESIDENT. At the request of the Senator from Kansas the particular amendment which the Senator from Kentucky desires voted on at the present time by yeas and nays will be stated.

The SECRETARY. On page 83, after line 11, it is proposed to insert the following:

275. Hemp, hackled, known as line of hemp, 2¼ cents per pound; hemp, not hackled or dressed, 1⅛ cents per pound; tow hemp, 1⅛ cents per pound; jute and jute butts, 1¼ cents per pound.

Mr. BRISTOW. That seems to be a substitute for a number of paragraphs in the bill that were stricken out.

Mr. BRADLEY. It is a special paragraph.

Mr. BRISTOW. I should like to have it divided so as to vote for a part of it, but I do not want to vote for all of it.

Mr. BRADLEY. I have asked for a division of the question, so that we shall first vote on hemp, and then vote on jute.

Mr. BRISTOW. I should like to vote to retain the House provision.

Mr. BRADLEY. If I fail in this, I am going to offer the House provision.

Mr. SIMMONS. I entirely agree with the Senator from Kansas [Mr. BRISTOW]. I doubt very much whether it is quite regular, if it is competent, to offer an amendment which embraces in its terms four different paragraphs. I think it should be divided, so that each amendment will apply to a particular paragraph.

The VICE PRESIDENT. The Senator from Kentucky is in order. The Senate committee amendment to the House bill has already been agreed to, and all of those paragraphs have for the present passed out of the bill, so the Senator from Kentucky is offering an entirely new paragraph.

Mr. BRADLEY. I asked that the question might be divided, so that we should first vote on hemp and then on jute.

Mr. LODGE. Vote first on the amendment on hemp.

Mr. BRADLEY. It amounts to two separate paragraphs. I have no objection, however, to the vote being first taken on jute.

Mr. SIMMONS. If the Senator desires to strike out four paragraphs and to make one paragraph of it, I shall make no objection to that course.

The VICE PRESIDENT. Those paragraphs have already been stricken out by the action of the Senate.

Mr. SIMMONS. I understand that is the situation.

The VICE PRESIDENT. Those paragraphs are not in the bill at all at the present time.

Mr. SIMMONS. Very well, Mr. President.

The VICE PRESIDENT. And the amendment is to insert a new paragraph.

Mr. SIMMONS. I think, under those conditions, it is all right. The matter was in four paragraphs in the bill, and, as the Chair properly states—I had overlooked that fact—we have stricken out all four paragraphs, and the Senator's amendment makes one paragraph of it, as I understand.

Mr. BRADLEY. That is it.

Mr. SIMMONS. I shall make no objection to that.

The VICE PRESIDENT. The Senator from Kentucky asks for a division of the question on his amendment, on which the yeas and nays have been ordered. In the absence of objection, the amendment will be divided as requested.

Mr. WILLIAMS. Mr. President, just a word, for the RECORD more than for any other purpose. Jute is already upon the free list and has been upon the free list for quite a while. It was put upon the free list because every effort to raise it here has resulted in failure, not because we can not raise jute—4 tons of it can be raised to the acre in the Mississippi Valley—but we can not decorticate it; we have not the labor to go into that sort of industry. So much for jute.

Hemp is a singular illustration of an attempt to create an industry by legislation and of its utter failure. There has been a duty on hemp ever since Henry Clay's day; but, notwithstanding all that, the amount of land in hemp has decreased rather than increased, and I understand that in the last 10 or 20 years the decrease has been from about 100,000 acres down to about 12,000. That has occurred under an extravagantly high rate of duty of $22.50 per ton upon hemp not hackled or dressed, $45 per ton upon line hemp or hackled hemp, and $22.50 per ton even upon the tow hemp. These extravagant rates of duty have failed to create this industry, so that, even from a protective standpoint, the thing is a confessed failure.

We found jute and cotton upon the free list. We have placed flax and hemp and wool there, all of them being the raw materials of textile industries, so that we might have a better opportunity to reduce the rates of duty upon the finished product without damaging the manufacturers, as might have been done by a large reduction in the rates on the finished articles without giving free raw materials.

I hope the amendment will be voted down.

Mr. BRISTOW. I ask to have stated the amendment upon which we are to vote, so that I may understand what it is.

The VICE PRESIDENT. The amendment has been divided. The Secretary will state the part of the amendment on which the vote is now to be taken.

The SECRETARY. The first part of the amendment is on page 83, after line 11, where it is proposed to insert the following:

275. Hemp, hackled, known as line of hemp, 2¼ cents per pound; hemp, not hackled or dressed, 1⅛ cents per pound; tow hemp, 1⅛ cents per pound.

Mr. BRISTOW. Let me inquire. Is that the same duty as that provided in the present law?

Mr. BRADLEY. Yes, sir.

Mr. BRISTOW. The equivalent ad valorem is 14.39 per cent?

Mr. BRADLEY. That is what it is on one of the articles. It is not the same on all of them.

Mr. BRISTOW. The handbook here gives the ad valorem equivalent on importations in 1912 under the present law at 10.45 per cent for hemp not hackled; hemp, hackled, at 14.39 per cent; and hemp tow at 10.20 per cent. Those rates were materially reduced by the House. It seems to me that that is nothing more than a revenue duty, if you are going to impose any duty at all. The highest rate, according to the 1912 importations as estimated by this book, would be less than 14½ per cent ad valorem.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BRADLEY], which has been read, upon which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I transfer my pair with the junior Senator from West Virginia [Mr. GOFF] to the senior Senator from Maryland [Mr. SMITH] and vote "nay." I make this announcement of transfer for the remainder of the day.

Mr. McCUMBER (when Mr. GRONNA's name was called). My colleague [Mr. GRONNA] is unavoidably absent. He is paired with the junior Senator from Illinois [Mr. LEWIS]. I will allow this announcement to stand upon all votes taken to-day.

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Nevada [Mr. NEWLANDS]. I transfer that pair to the junior Senator from Maine [Mr. BURLEIGH] and vote "yea."

Mr. THOMAS (when his name was called). I have a general pair with the senior Senator from Ohio [Mr. BURTON]. I transfer that pair to the Senator from Oklahoma [Mr. GORE] and vote "nay."

The roll call was concluded.

Mr. BRYAN. I have a pair with the Senator from Michigan [Mr. TOWNSEND] which I transfer to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. REED (when his name was called). I transfer my pair with the senior Senator from Michigan [Mr. SMITH] to the Senator from Oklahoma [Mr. OWEN] and vote "nay."

Mr. CHILTON. I have a general pair with the junior Senator from Maryland [Mr. JACKSON], which I transfer to the junior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. GALLINGER. I announce the pair between the Senator from Delaware [Mr. DU PONT] and the Senator from Texas [Mr. CULBERSON].

Mr. CLARKE of Arkansas (after having voted in the negative). I understand the junior Senator from Utah [Mr. SUTHERLAND] has not voted, which makes it necessary for me to withdraw my vote, as I have a pair with that Senator.

The result was announced—yeas 36, nays 38, as follows:

YEAS—36.

Borah	Crawford	Lodge	Poindexter
Bradley	Cummins	McCumber	Root
Brady	Dillingham	McLean	Sherman
Brandegee	Fall	Nelson	Smoot
Bristow	Gallinger	Norris	Stephenson
Catron	Jones	Oliver	Sterling
Clapp	Kenyon	Page	Thornton
Clark, Wyo.	La Follette	Penrose	Warren
Colt	Lippitt	Perkins	Weeks

NAYS—38.

Ashurst	Johnson	Reed	Stone
Bacon	Kern	Robinson	Swanson
Bankhead	Lane	Saulsbury	Thomas
Bryan	Lea	Shafroth	Thompson
Chamberlain	Martin, Va.	Sheppard	Tillman
Chilton	Martine, N. J.	Shields	Vardaman
Fletcher	Myers	Shively	Walsh
Hollis	O'Gorman	Simmons	Williams
Hughes	Overman	Smith, Ariz.	
James	Pomerene	Smith, Ga.	

NOT VOTING—21.

Burleigh	Gore	Owen	Sutherland
Burton	Gronna	Pittman	Townsend
Clarke, Ark.	Hitchcock	Ransdell	Works
Culberson	Jackson	Smith, Md.	
du Pont	Lewis	Smith, Mich.	
Goff	Newlands	Smith, S. C.	

So Mr. BRADLEY'S amendment was rejected.

The VICE PRESIDENT. The question is on the second subdivision of the amendment, which will be stated.

The SECRETARY. "Jute and jute butts, 1½ cents per pound."

Mr. BRADLEY. On that I ask for the yeas and nays.

The VICE PRESIDENT. The request does not seem to be seconded by one-fifth of the Senators present. The question is on agreeing to the second subdivision of the amendment.

The amendment was rejected.

Mr. McCUMBER. Mr. President, I offer an amendment to take the place of paragraph 272, just stricken out by the committee.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 83, in place of the committee amendment, on line 12, it is proposed to insert, as paragraph 272, the following:

Flax straw advanced in condition or value by manufacture, but not hackled or dressed, one-half of 1 cent per pound.

Mr. WILLIAMS. I suppose a point of order would lie to this amendment. We have been over this flax matter and have voted on it, and the Senate has already adopted the amendment as to this paragraph. We went back to hemp this morning, because we passed it over to accommodate the Senator from Kentucky [Mr. BRADLEY]. I do not care to make any technical point; but I do submit to my friend from North Dakota——

The VICE PRESIDENT. The Chair is going to rule that this is identical with the original paragraph as passed by the House.

Mr. WILLIAMS. I said I would not make the point of order, but I thought there ought to be an end to litigation somewhere. The Senate has dealt with the matter once.

Mr. McCUMBER. I wish to say to the Senator, if the Chair please, that the Senator is wrong, and that the amendment is not at all identical with the language which was stricken out, as I can easily demonstrate.

Mr. WILLIAMS. That was not my point.

Mr. McCUMBER. The facts are these: One paragraph has been stricken out by the committee. I do not seek to amend that paragraph. I propose to put in an entirely new paragraph of an entirely different character.

Mr. WILLIAMS. But the point I was making was not that this has been stricken out by the committee, but that it has been voted on by the Senate. We dealt with this paragraph, dealt with it fully, and, in fact, devoted a day to it.

Mr. McCUMBER. That paragraph is entirely out. I am not seeking to amend it. Paragraph 272 has gone out. I am now inserting another paragraph, to be numbered 272, of an entirely different character. I should like to have the attention of the chairman of the committee, but, as he is not present, I can not delay my statement upon this matter.

I wish the Senator from Mississippi would look at this subject from the producer's standpoint. I shall not attempt to go over any of the argument I made the other day. I do wish to say, however, that I believe that with any kind of proper protection of the flax industry the production of spinning flax can be made profitable in the United States. There seems to be almost a total lack of information as to what is meant by the terms "hackled tow" and "unhackled tow" as used in the bill, what is tow and what is not tow, when it ceases to be straw, and when it becomes the tow that is spoken of in the bill.

I am perfectly free to admit that the portion of the bill covering this subject was not intended to and did not, except incidentally, cover the product upon which I seek to have protection.

I have here the ordinary flax, so that you may understand the processes. It is a flax that is cut with the seed on it. It goes through the separator and these seeds are taken out. As it goes through the separator it is, of course, unfitted for any kind of spinning purposes except for the coarsest kind of fabrics. They do make out of that, I believe, the basis or the foundation for linoleum.

The next process, if we were going to make spinning flax out of this, would be to lay it out where the sun and the rain would fall upon it. That is called the retting, or rotting, process. That would separate the wood from the fiber.

In the ordinary manufacturing process, after that is done, it is taken to the mill and then the scutching process follows. In other words, we have a fiber with some of the woody pulp still on it. That is scutched off with a large knife, the same as the hair and other stuff is taken off of leather, through a scutching process. That is the third process.

Between those processes comes the hackling process, which is a combing out of the several strands. They first go through a coarse comb and then through a finer comb, until the material is fitted for weaving.

To show that this flax can be properly made from an American product by a new process that has no rotting or retting whatever in it, but is done entirely through the mill, I exhibit here a little bunch of flax straw just as it is cut very low. There is no retting process whatever. That, however, has gone through a new process that takes the woody pulp from it, and then it has gone through the process of hackling this portion, or combing it out. Then it is bleached, either in the sun or mechanically. The bleaching will cost in the neighborhood of about 1 cent a pound—a little under rather than above it.

I am not seeking, by the amendment I propose, to touch this product at all. If you think it needs too great a duty to justify the attempt to produce flax fiber in this country, well and good. But remember, we have a valuable product. That product is worth $450 a ton.

Here is another product. I will take next the Belgian product. It is much shorter, but it is worth $350 a ton. This is pulled by hand from the ground; it is hackled and scutched, and is ready for spinning linen. It can be bleached by the sun or artificially, at 1 cent a pound.

Here we have a very much longer fiber, that is pulled in Germany. It is hackled and scutched flax, pulled by hand from the ground, ready for spinning. That, also, can be bleached for about a cent a pound.

I have here another American product which you will see is fully as fine as that produced in Germany, and of a much longer fiber than that which is produced in Belgium. That is worth, also, $450 per ton.

I have here another product of the United States which is made from a western flax. It is not very well taken care of, but it is worth over $300 a ton.

The amendment does not touch this product. Here is the matter to which I wish to call the attention of the Senator from Mississippi. I know he is too far away to see what it is, but this comes from the ordinary straw that we raise out in North Dakota. In other words, it goes through the separator, through the thrashing machine. It is badly broken up. The straw is then hauled to a little mill with corrugated rollers. Those corrugated rollers break the straw into very small particles, and to a great extent separate the wood. This is unfit for spinning. You could not use it for the purpose of manufacturing any kind of a fabric. It is worth, as I state, in the neighborhood of twenty to twenty-three dollars a ton in that condition. We have a market for it, with a $10 per ton protection, that justifies our people in hauling it to the mills, and justifies the mills in running it through the corrugated rollers and advancing it to this stage. Without that protection we could not pay the freight on it and haul it to the place where it is used in the manufacture of different kinds of cooling apparatus, in refrigerator cars, and so forth. It is pounded down very hard and compact. It keeps wonderfully dry. It will last forever. It does not rot, and will give the cooling and at the same time will not add very much to the weight. It has taken the place of charcoal and other substances in the manufacture of refrigerator cars.

We can use this article for that purpose. That is the one thing that I want protected to a sufficient extent. I am not going to call for a roll call on the amendment; but it does seem to me that when the committee reconsider this matter, if they see just what I am trying to protect and that it is not in what may be called the linen industry in any way, they will give it the consideration it deserves.

I simply ask for a vote upon the amendment I have offered.

The VICE PRESIDENT. The Chair wishes to ask the Senator from North Dakota whether the House provision was not applicable to the very article to which he has been addressing himself?

Mr. McCUMBER. No. I am not speaking here of flax, as it is called. The word "flax" relates to the fiber. The language of my amendment is "flax straw advanced in condition or value by manufacture, but not hackled or dressed."

The VICE PRESIDENT. The Chair did not catch the word "straw."

The question is on the amendment proposed by the Senator from North Dakota.

The amendment was rejected.

Mr. BRADLEY. Mr. President, I was just going to propose another amendment in regard to hemp when the Senator from North Dakota secured recognition.

I now offer an amendment restoring the duty provided by the House bill. I shall not ask for the yeas and nays on it.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 83, it is proposed to insert a new paragraph, as follows:

275½. Hemp, and tow of hemp, one-half cent per pound; hemp, hackled, known as "line of hemp," 1 cent per pound.

The VICE PRESIDENT. The Chair rules that that has already been passed on once in the Committee of the Whole, and the amendment is not in order.

Mr. BRADLEY. I was not here at the time that was done. I was ill, and it was especially agreed that it should be passed over in order that I might take it up on my return.

Mr. WILLIAMS. Will the Senator yield to me? The Senator from Kentucky is right about this hemp paragraph. It was passed over because he at that time was sick. We agreed that we would consider it then, but that whenever he came in he might move any amendment to it he chose. That was done by unanimous consent.

The VICE PRESIDENT. The question, then, is on agreeing to a motion to reconsider the vote whereby the Senate committee amendment was adopted striking out paragraph 275.

The motion to reconsider was agreed to.

The VICE PRESIDENT. The question now is on striking out the paragraph, which is the same language exactly as the amendment of the Senator from Kentucky. [Putting the question.] The ayes seem to have it.

Mr. BRADLEY. I ask for a division.

Mr. WILLIAMS. If we are going to have a division, I would rather have the yeas and nays.

The yeas and nays were ordered.

Mr. POINDEXTER. I should like to have the question stated by the Secretary.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 83 the Committee on Finance reported to strike out lines 16 and 17, in the following words:

275. Hemp, and tow of hemp, one-half cent per pound; hemp, hackled, known as "line of hemp," 1 cent per pound.

The VICE PRESIDENT. The Secretary will call the roll on agreeing to the amendment of the committee.

The Secretary proceeded to call the roll.

Mr. BRYAN (when his name was called). I make the same announcement of my pair and its transfer as on the previous vote. I vote "yea."

Mr. CLARKE of Arkansas (when his name was called). I have a pair with the junior Senator from Utah [Mr. SUTHERLAND]. I see that he is not present, and I withhold my vote.

Mr. SHEPPARD (when Mr. CULBERSON'S name was called). My colleague [Mr. CULBERSON] is unavoidably absent. He is paired with the Senator from Delaware [Mr. DU PONT]. This announcement may stand for the day.

Mr. LEWIS (when his name was called). I make a transfer of my pair to the Senator from North Carolina [Mr. SIMMONS] and vote "yea."

Mr. McCUMBER (when his name was called). I transfer my pair as before and vote "nay."

Mr. REED (when his name was called). I transfer my pair with the Senator from Michigan [Mr. SMITH] to the Senator from Oklahoma [Mr. OWEN] and vote "yea."

Mr. THOMAS (when his name was called). I make the same transfer as before and vote "yea."

The roll call was concluded.

Mr. CHILTON. I transfer my pair with the junior Senator from Maryland [Mr. JACKSON] to the junior Senator from South Carolina [Mr. SMITH] and vote. I vote "yea."

Mr. BACON (after having voted in the affirmative). I note that the senior Senator from Minnesota [Mr. NELSON] has not voted. I therefore, having a general pair with him, withdraw my vote.

The result was announced—yeas 38, nays 36, as follows:

YEAS—38.

Ashurst	Kern	Pomerene	Stone
Bankhead	Lane	Reed	Swanson
Bryan	Lea	Robinson	Thomas
Chamberlain	Lewis	Saulsbury	Thompson
Chilton	Martin, Va.	Shafroth	Tillman
Fletcher	Martine, N. J.	Sheppard	Vardaman
Hollis	Myers	Shields	Walsh
Hughes	O'Gorman	Shively	Williams
James	Overman	Smith, Ariz.	
Johnson	Pittman	Smith, Ga.	

NAYS—36.

Borah	Crawford	Lodge	Root
Bradley	Cummins	McCumber	Sherman
Brady	Dillingham	McLean	Smoot
Brandegee	Fall	Norris	Stephenson
Bristow	Gallinger	Oliver	Sterling
Catron	Jones	Page	Thornton
Clapp	Kenyon	Perkins	Warren
Clark, Wyo.	La Follette	Poindexter	Weeks.
Colt	Lippitt	Ransdell	Works

NOT VOTING—21.

Bacon	Goff	Newlands	Smith, S. C.
Burleigh	Gore	Owen	Sutherland
Burton	Gronna	Penrose	Townsend
Clarke, Ark.	Hitchcock	Simmons	
Culberson	Jackson	Smith, Md.	
du Pont	Nelson	Smith, Mich.	

So the amendment of the committee was agreed to.

The SECRETARY. The next committee amendment passed over is, on page 87, in Schedule K, wool and manufactures of——

Mr. OLIVER. I understood that we were to take up paragraph 145 to-day.

Mr. THOMAS. Is the Senator from Iowa [Mr. KENYON] present?

Mr. BRISTOW. He will be here in a short time.

The VICE PRESIDENT. Paragraph 145, aluminum, is before the Senate.

Mr. OLIVER. Mr. President, on the 9th of last month the junior Senator from Iowa [Mr. KENYON] delivered an address on the pending bill. The Senator's speech takes up 13 pages of the CONGRESSIONAL RECORD, out of which 8 pages are devoted to a discussion of the aluminum industry, or rather to a wholesale arraignment of the Aluminum Co. of America. The Senator during his career has had large experience in prosecuting malefactors, or supposed malefactors, and with varied success has taken an active part in the enforcement of the Sherman antitrust law. But I venture to say that never during his entire professional career has the Senator, when representing the prosecution, delivered an address to judge or jury in which all of the facts or alleged facts that would be damaging to the accused were brought into prominence and everything that could be said in reply to them was minimized or suppressed to the extent that it has been done in this instance. I would be failing in my duty to my fellow townsmen, pioneers in a great industry, if I allowed to pass unchallenged many of the statements which the Senator so recklessly made and did not endeavor to correct, as far as possible, the false impressions he left on the minds of those who heard him.

I listened with great attention to what the Senator from Iowa said from the beginning to the end of his speech. I do not know whether he intended it or not, but I am certain that when he concluded every Senator who listened to him and who had not studied the question was under the impression that the Aluminum Co. of America was substantially without a competitor in this country, not only in the manufacture but in the sale of its product, for the Senator entirely ignored the fact that during practically all the years it has been in business it has been subject to the open and vigorous competition of the product of European plants. The manufacture of aluminum in Europe has more than kept pace with the progress of the industry in the United States, so that to-day the European plants produce approximately 100,000,000 pounds annually, while the normal demand of Europe amounts only to about one-half that figure. The European producers are protected in all parts of the world except in the United States by their cartels and syndicate agreements, which are favored by their Governments and form the universal method of doing business in con-

tinental Europe in all the great industries. As a result of this the United States is a favorite field which the British and continental manufacturers use as a dumping ground for their surplus product.

Statistics show that the total imports of aluminum and its products during the fiscal year ending June 30, 1912, amounted to 15,646,405 pounds, upon which duties were collected amounting to $1,122,252.87, and to show the astounding increase of these importations, notwithstanding the imposition of what the Senator from Iowa would term a prohibitive duty, I submit a statement taken from the Government records of the aluminum imported into the United States for the fiscal year ending on the 30th of June last. The published statements, I will say, only come up to the 30th of June, 1912. It shows that there were imported during that period 28,158,525 pounds; that the value thereof was $4,961,297; that the unit value of these imports showed an average price of 17.6 cents per pound, and that the duties collected amounted to $2,196,555.03. The average price charged during the whole of 1912 by the Aluminum Co. of America to its customers was 18.11 cents per pound, showing a difference between the price that company charged and the average import price of less than 1 cent a pound, and still the Senator from Iowa would have us believe that the company has uniformly held the price at just a little above or a little below the amount of duty over and above the foreign price.

The amount of duties collected on this commodity during the fiscal year was $2,196,555.03. What will this amount to and how greatly will the development of the industry in this country be retarded if this duty is reduced to 2 cents a pound, or as proposed by the Senator from Iowa, swept away altogether? As a revenue proposition it seems like insanity to surrender this revenue unless it is proposed that the Government in the future is to depend entirely upon the income tax for its revenue. I have here a statement in detail, which I ask leave to insert in the RECORD.

Importations of aluminum into the United States, fiscal year ending June 30, 1913.

	Quantity in pounds.	Value.	Duties.
First quarter:			
Crude	3,020,700.2	$368,778.00	$211,449.01
Plates, sheets, bars, etc	118,962.5	22,610.00	13,085.90
Manufactures of		75,353.00	33,908.40
Second quarter:			
Crude	9,374,776	1,520,468.00	656,234.32
Plates, sheets, bars, etc	343,023.5	71,829.00	37,732.59
Manufactures of		93,952.00	42,278.40
Third quarter:			
Crude	7,300,702	1,190,310.00	511,049.14
Plates, sheets, bars, etc	474,980	107,615.00	52,247.81
Manufactures of		105,971.50	47,687.18
Fourth quarter:			
Crude	6,945,934	1,168,024.00	486,215.38
Plates, sheets, bars, etc	579,447	145,436.00	63,739.17
Manufactures of		90,950.50	40,927.73
Grand total	28,158,525.2	4,961,297.00	2,196,555.03

It will be seen from this that during this one year the imports amounted to just a little more than 70 per cent of the total production of the Aluminum Co. of America, and in the face of this the Senator from Iowa contends that this company has an absolute monopoly of the sale of this article in the United States of America.

Aluminum was discovered in 1854, but, owing to the difficulty of its extraction, from that date to the formation of the Pittsburgh Reduction Co. in 1888, the total production for the entire 34 years did not exceed 200,000 pounds, which sold for $8 a pound and even higher. In 1888 a group of Pittsburgh business men put up a fund amounting to $20,000 for exploiting the patent and process of Charles M. Hall for the manufacture of aluminum, holding an option on the patent in the name of a small company formed for that purpose, and styled the Pittsburgh Reduction Co. In 1889 the Hall patent was acquired, and under the terms of the option the Pittsburgh Reduction Co. was made a company with $1,000,000 capital stock, of which about one-half was paid in cash, and the remainder issued for the patent. There has been some controversy as to the exact amount of stock that was issued for this patent, but it makes little difference, for even if the patent right was bought in for the entire amount of the capital stock, in this case it certainly will be acknowledged that it was worth all and more than could possibly be charged for it. In 1890, $600,000 of new stock was issued for cash at par, and in 1905, $2,200,000 more of the new stock was issued, of which $1,200,000 was paid for in cash and the remainder issued as a stock dividend. The company has since declared other stock dividends, so that the total outstanding stock is now $18,750,000, and it has a surplus to-day which makes its net assets worth about $30,000,000. In 1909 the name of the company was changed from the Pittsburgh Reduction Co. to the Aluminum Co. of America, but no other change was made in its organization. It was a change of name and no more. When this company started in business in 1890 aluminum was selling at $2.50 per pound. It was regarded more as a toy than anything else and there was but little demand for it as an article of general usefulness; but the successive reductions in price which were made by the Aluminum Co. of America brought about a steadily increasing demand, and in 1893 the output of the company amounted to 215,000 pounds. This was sold at about 75 cents per pound. It was not until 1896 that the output exceeded 1,000,000 pounds. From 1896 to 1912 the output gradually increased from 1,100,000 pounds in 1896 to about 40,000,000 pounds in 1912. This increased output was accompanied by continuous and successive reductions in price. As I have stated, the average price in 1890 was about $2.50 per pound, and in 1912 the average price of all aluminum sold by the Aluminum Co. of America was 18.11 cents per pound.

The Hall patent expired in 1906, but the company still had a virtual monopoly on the manufacture by reason of its license under the Bradley patent, which expired in 1909. Since the expiration of that patent, while they have had an actual monopoly of manufacture, there has been no legal monopoly, and the field has been free to anybody who might wish to enter it. There are two reasons why no competitor has heretofore appeared in the field. One is the enormous amount of capital required, and the other the great difficulty in securing water-power privileges, which are an absolute necessity to the successful and economic conduct of the industry; but there is now in course of construction in the State of North Carolina a plant which, when completed, will be an active and strong competitor of the Aluminum Co. of America. I will refer to it fully later on.

The speech of the Senator from Iowa was nothing more or less than an indictment of the officers and owners of the Aluminum Co. of America. Almost every crime known to the business world was laid at their doors. The Senator was almost dramatic in his effort, and his speech undoubtedly produced a profound effect on those who listened to him. I can not hope to compete with him in his manner of presentation of these charges, but I do expect by laying before the Senate the cold facts to overcome the impression he produced.

Of all things charged against this company, there are three, and three only, of which the company has been guilty; not one of the others is borne out by the facts. It is true, first, that this company has to-day a monopoly of the production—not the sale—of aluminum in the United States; second, that the stockholders have made a very large amount of money out of the business; if business success is a crime and enterprise and energy are worthy of bonds, then these men are criminals—and not otherwise; and, third, that the Government brought suit in the District Court of the United States for the Western District of Pennsylvania, charging it with being a monopoly in violation of the Sherman Antitrust Act, and that the company consented to a decree enjoining it from doing certain specified acts; but it never acknowledged that it violated the Sherman law, and the decree does not so find.

In his speech the Senator from Iowa states as facts all of the allegations contained in the bill in equity filed by the Government, but makes no allusion whatever to the defendant's answer, which specifically denies every one of the alleged acts so far as they constitute a violation of the Sherman Act, either in letter or in spirit.

I will now proceed to examine these different allegations in some detail:

First. The Senator says it is quite apparent that the Aluminum Co. has a monopoly as to bauxite. Now, I say, Mr. President, that there is nothing whatever upon the record which shows that this company has a monopoly or anything approaching a monopoly as to bauxite. In the development of its business the men who guided the affairs of the company wisely decided that as far as possible they ought to obtain sufficient reserves of raw material to supply their wants for some years ahead at least. In their efforts to do this they have to-day control of enough bauxite to last them for not more than 10 years ahead at their present rate of production. There is plenty of bauxite in the country to supply all comers, but it must be developed before it can be used. In fact, the Government's bill of complaint, while it charges this company with endeavoring to obtain control of this raw material, practically

nullifies this charge by the following statement—I read from the bill as filed by the Department of Justice:

Furthermore, petitioner does not now insist that it was unlawful within itself for defendant by the various purchases above described to acquire and hold so large a per cent of the bauxite known to exist in the United States suitable for the manufacture of aluminum. What other deposits of bauxite there may be in the United States, and the character and extent thereof, it is impossible now to state; but petitioner is advised that there are practically inexhaustible quantities abroad, which may be mined and shipped into the United States at such prices as would enable independent companies to successfully compete with defendant were all other restraints removed from the aluminum industry. Hence, petitioner does not attack defendant's ownership of the various deposits of bauxite to which it now has title.

Now, while the Senator from Iowa alleges this charge against the Aluminum Co., he makes no mention of its virtual withdrawal by the Department of Justice.

While we are on the subject of bauxite, I may as well add another chapter. In February last, after the termination of the suit, the Aluminum Co. desired to add still further to its reserves of bauxite by the purchase of certain property in Arkansas containing bauxite ore. They were about to establish another plant in Tennessee, which is now in course of construction, and the bauxite properties which the company then owned and controlled were not sufficient in their opinion to insure a satisfactory supply for the new plant, in addition to the old ones. As a matter of precaution, therefore, they wrote to the Attorney General stating their intention and submitting estimates and tables, together with the report of eminent geologists and engineers, to the effect that the bauxite which they controlled would be exhausted at the present rate of consumption within 10 years, and requesting the Attorney General to advise them, as far as he could, whether or not they would be safe in purchasing this additional supply of bauxite. In due course they received a reply from the department, which I will ask the Secretary to read.

The PRESIDING OFFICER (Mr. WALSH in the chair). There being no objection, the Secretary will read as requested.

The Secretary read as follows:

DEPARTMENT OF JUSTICE,
Washington, D. C., July 23, 1913.

Mr. ARTHUR V. DAVIS,
President Aluminum Co. of America, Pittsburgh, Pa.

DEAR SIR: A variety of circumstances have prevented me from sending a reply to your letter of February 20 last, asking whether the purchase by your company of 550 acres of bauxite land lying in the State of Arkansas and belonging to the Sawyer-Austin Lumber Co. will violate the decree in the case of the United States *v.* Aluminum Co. of America and others, in the United States District Court for the Western District of Pennsylvania. You state, in some detail, the facts and circumstances as you understand them.

The policy of this department inhibits us from giving opinions which could be regarded as binding upon the Government, except to the President and heads of departments. You will readily appreciate how impossible it would be for us to advise the various corporations with which the Government has had or may have litigation concerning the details of their business.

However, it seems permissible to say that, nothing else appearing except what you have written, no reason now occurs to me for thinking that what you propose to do would be in violation of the decree.

Very respectfully, for the Attorney General,
J. A. FOWLER,
Assistant to the Attorney General.

Mr. OLIVER It will be seen from this, Mr. President, how exceedingly flimsy is this charge that the Aluminum Co. ever sought to control or does control bauxite properties to any further extent than is absolutely necessary for the legitimate supply of its wants. There is no doubt in my mind that there is plenty of bauxite in this country to supply all possible wants for generations to come. The necessity for it will induce exploration, and exploration will produce the mineral; otherwise, all users, the Aluminum Co. included, will be driven to France for their supply. I understand that in that country the supply is practically unlimited; that it is easily mined and is obtained at an exceedingly low cost as compared with the cost of mining it in Arkansas, where the deposits occur in pockets and not in large bodies.

The Senator from Iowa says, quoting from the Government's bill:

The history of the aluminum cooking utensil business in the United States is a history of shipwrecks caused chiefly by the arbitrary, criminatory, and unfair dealing of the Aluminum Co. of America.

Even in his quotations the Senator is unfair. I will read the exact language of the bill:

The history of the aluminum cooking utensil business in the United States is a history of shipwrecks—*possibly in part caused by inefficiency, necessity of experiment, and lack of capital,* but caused chiefly *or contributed to* by the arbitrary, discriminatory, and unfair dealings of the defendant.

It will be noted that the Government in its bill modifies greatly its statement with regard to the unfair dealings of this company with reference to the cooking utensil industry. The Senator, however, having first emasculated the sentence, allows it to go into the RECORD practically without comment. In its answer the defendant company absolutely and specifically denies any charge of discrimination or of unfair treatment. It says—

the defendant does not now and has not in the past unlawfully, substantially, or in any degree restrained or monopolized the interstate trade and commerce in cooking utensils. Many of the manufacturers of aluminum cooking utensils in the United States, in which the defendant company has no financial interest, have been prosperous; in fact they have all been prosperous where they were efficiently managed, had an adequate capital, and manufactured utensils of good quality. It is true that in the early history of the cooking utensil business in the United States many of the persons who undertook to manufacture the same produced aluminum cooking utensils of such poor quality that aluminum cooking utensils were being discredited and the market therefor largely destroyed, and it became necessary for the defendant company to embark in the manufacture of cooking utensils in order to produce manufactured articles which would be satisfactory to the consumers and thus develop a market for aluminum, and the development of the cooking utensil business in the United States has been largely, if not solely, the result of the defendant's efforts.

The Aluminum Cooking Utensil Co. was started by the Aluminum Co. of America in 1902. There was submitted to the United States Government a list of 11 companies manufacturing aluminum cooking utensils exclusively, 10 of which started in business since the Aluminum Cooking Utensil Co. was formed, and all of which have always obtained, and still do obtain, their aluminum from the Aluminum Co. of America, and whose business has constantly increased. Since this list was submitted to the Government there have been several other cooking utensil companies started, all of which are customers of the Aluminum Co. of America, and none of them have complained of bad treatment by that company.

Now, with regard to aluminum castings; it is true that the Aluminum Co. of America owns about 1,600 out of the 4,000 shares of the capital stock of the Aluminum Castings Co. They do not control that company, and they are under an express contract with the majority stockholders that they will never buy from anybody sufficient shares to give them control. The business is conducted by the majority stockholders, who look out for their own interests, and the Aluminum Co. in its answer to the bill expressly denies that under any circumstances they give this company any preference of any kind over their other customers. That the Aluminum Castings Co. does not by any means control or even dominate the business of the country in such castings is shown by the fact that at the time the suit was brought by the Government there were in the United States 322 foundries manufacturing aluminum castings, and to-day there are more than that number. Each of these foundries is continually increasing the amount of its product, and they are all prosperous. The company absolutely denies—and I believe every word they say—that either the Aluminum Castings Co. or the Aluminum Utensils Co. has been favored as to deliveries over other customers. As a matter of fact, during the shortage in aluminum in the latter part of 1912, to which I will refer hereafter, the company cut down its shipments to these two companies 50 per cent in order to supply aluminum to others, and the books of the company show that the companies in which the Aluminum Co. is not interested fared better during that shortage than the companies in which it is interested. The same thing exactly will apply to aluminum goods and novelties. The Aluminum Co. of America owns only about 31 per cent of the capital stock of the Aluminum Goods Manufacturing Co. That company is managed and conducted, as are the other companies, in an independent manner by the majority of the stockholders. The Aluminum Co. of America denies that it furnishes crude aluminum to that company at any unduly preferential rates, or at rates that would enable that company to underbid its competitors.

Mr. President, in my time it has been my lot to read many legal documents, but I feel justified in saying that in all my experience never have I come across a paper bearing upon an important question which is so weak in all its essential elements as the bill in equity filed by the United States Government against this company. It alleges everything; it specifies nothing. With the exception of five contracts which it recites, and which it alleges to be in restraint of trade, it deals in generalities only.

Sometime during the summer or fall of 1912 the newspapers reported that the Government was preparing to bring suit against the Aluminum Co. for violation of the Sherman Act. Upon receiving this information Mr. Davis, president of the company, informed the Department of Justice that the company was not knowingly violating the law in any way whatever; that if it was the officers would like to be informed of it and would rectify whatever in the opinion of the Attorney General was wrong; and they voluntarily opened up to the department

all of their papers, books, contracts, and everything that had been done from the very commencement of the company's existence. It was a wholesale showdown. And I may here add that it was by this means that the department obtained the information which enabled it to include in its bill the only specific acts with which the company was charged, namely, the Norton agreement, the General Chemical Co. agreement, the contract of the Pennsylvania Salt Manufacturing Co., and the Kruttschnitt-Coleman, and the A. J. A. G. agreements. An examination of the bill in equity will show that outside of these agreements everything in the bill consists of general statements, of which there is no proof whatever, not made under the sanction of an oath, and not one of which recites any specific act; and this fact assumes all the more prominence when we consider that the Government goes into extreme detail with regard to the five agreements to which I have alluded. Does it not follow from this that if they had the facts as to the other things charged they would be equally specific with regard to them? In reality they had no facts and they had no case, but the Department of Justice having embarked upon the enterprise, and having announced its intention to bring suit, was unwilling to abandon it and insisted upon filing its bill.

The company made answer denying all the allegations in the bill so far as they charged violations of the Sherman Act, and where the facts were admitted, as in the case of the agreements I have mentioned, they denied that they constituted violations of that act. Finally the Government submitted a decree, to which the defendant's officers willingly consented, for it enjoined them from doing nothing that they had been doing. It directed the cancellation of the A. J. A. G. agreement, which had been terminated by the company's own action more than a year before the suit was brought or contemplated. It also directed the cancellation of the three contracts relating to a limitation of the use of bauxite on the part of the Norton Co., Pennsylvania Salt Manufacturing Co., and the General Chemical Co., but these contracts had also been terminated before the suit was brought, after a conference with the officers of the Department of Justice. The company had also purchased some stock in one of its subsidiary companies from Messrs. Kruttschnitt and Coleman, and in connection with the purchase had obtained from these two men a contract by which they had agreed not to engage in the manufacture of aluminum east of Denver, Colo., for a term of 20 years. The decree directed a cancellation of this contract, and the company complied therewith. I am not enough of a lawyer to say whether a contract like this is a violation of the Sherman Act or not. I do know that it is not so many years since I entered into a contract of that kind myself, by which I agreed for 10 years not to engage in a certain line of business within certain specified limits. This contract was drawn up by the present senior Senator from Iowa, and I know that at that time I never thought I was engaging in an illegal transaction, and I do not believe that the Senator from Iowa considered that he was participating in one. Beyond the cancellation of agreements, all of which had already been canceled, the decree, as I have stated, simply enjoined the Aluminum Co. and its officers from doing a great number of things which they never had done, and were perfectly willing to be enjoined from doing, because they did not intend to do them at any time thereafter. It might be asked why they did not fight if they had such confidence in their position. The answer to that is plain. There was no denying the fact that the company had, and still has, a monopoly of the manufacture of aluminum, and being a monopoly they realized that it was but reasonable that their operations should be subject to closer scrutiny than that of other industries in which competition exists. But as it stands, the injunction is a mere brutum fulmen. It aimed at nothing and it hit nobody.

One of the most remarkable things about this remarkable decree is its conclusion. Both the lawyers and the court must have been in grave doubt as to the right to issue any injunction whatever, because after formulating the order by which they directed the defendant to refrain from doing a lot of things which it had not been doing, they limited the provisions of the decree by a set of provisos which effectually removed any sting that might have been concealed in it. They are so unique that I will read them:

Provided, however, That nothing contained in this decree shall be construed to prevent or restrain the lawful promotion of the aluminum industry in the United States.

Provided further, That nothing herein contained shall obligate defendants to furnish crude aluminum to those who are not its regular customers to the disadvantage of those who are whenever the supply of crude aluminum is insufficient to enable defendant to furnish crude aluminum to all persons who desire to purchase from defendant, but this proviso shall not relieve defendant from its obligation to perform all its contract obligations, and neither shall this proviso, under the conditions of insufficient supply of crude aluminum referred to, be or constitute a permission to defendant to supply such crude aluminum to its regular customers mentioned with the purpose and effect of enabling defendant or its regular customers, under such existing conditions, to take away the trade and contracts of competitors.

Provided further, That nothing in this decree shall prevent defendant from making special prices and terms for the purpose of inducing the larger use of aluminum, either in a new use or as a substitute for other metals or materials.

Provided further, That nothing in this decree shall prevent the acquisition by defendant of any monopoly lawfully included in any grant of patent right.

Provided further, That the raising by defendant of prices on crude or semifinished aluminum to any company which it owns or controls or in which it has a financial interest, regardless of market conditions, and for the mere purpose of doing likewise to competitors while avoiding the appearance of discrimination, shall be a violation of the letter and spirit of this decree.

Then, at the end follows its remarkable conclusion. I quote:

This decree having been agreed to and entered upon the assumption that the defendant, Aluminum Co. of America, has a substantial monopoly of the production and sale of aluminum in the United States, it is further provided that whenever it shall appear to the court that substantial competition has arisen, either in the production or sale of aluminum in the United States, and that this decree in any part thereof works substantial injustice to defendant, this decree may be modified upon petition to the court after notice and hearing on the merits, provided that such applications shall not be made oftener than once every three years.

It is further ordered that the defendants pay the cost of suit to be taxed.

Now, if this means anything, it must mean that if the Aluminum Co. had not had a monopoly of its manufacture, the Government would have had no case at all, and no injunction would then have been granted; and it specifically provides that if substantial competition arises the court will modify the decree.

That there is now "substantial competition" in the sale of aluminum I have already shown. I will now say something about the coming competition in its manufacture. On page 449 of the briefs and statements filed with the Senate Committee on Finance is a brief of the Southern Aluminum Co., of Whitney, N. C.

I am sorry the Senators from North Carolina are not in the Chamber, because much of what I am going to say is based upon information received from one of them. In it the Southern Aluminum Co. states that it is starting the construction of a plant for the manufacture of aluminum at Whitney, N. C., utilizing the water power of the Yadkin River. The building of the plant and the development of the water power will cost approximately $10,000,000. The plant when completed will offer employment to approximately 1,500 workmen, which will in turn necessitate the building of an industrial town. It then goes on to give some statistics with regard to the manufacture of aluminum, most of which have already been presented to you, and to pray for a specific duty on the product.

Within the last few days I have been informed by the junior Senator from North Carolina that the outlay of this company will be from $12,000,000 to $15,000,000 instead of $10,000,000; that they are prosecuting their work with great diligence, and that they think they have discovered extensive deposits of bauxite in their near vicinity.

In this connection I send to the Secretary's desk and ask to have read an article concerning this enterprise from the Manufacturers' Record, a southern industrial paper published at Baltimore, under date of the 21st ultimo.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

The Secretary read as follows:

THE ALUMINUM INDUSTRY IN THE SOUTH AND THE TARIFF ISSUE.

The announcement has been made by the Southern Aluminum Co., which is now building a plant at Whitney, N. C., to cost between $10,000,000 and $12,000,000, that if aluminum is put on the free list, as has been proposed in the tariff discussion, the company will abandon its undertaking, and thus North Carolina would lose the establishment of the largest industry ever started in that State.

This North Carolina enterprise, while it has some American capital, is largely financed by French people, some of whom are interested in the great aluminum plants in Europe. The extent of the aluminum industry in this country and abroad is not generally understood. The United States is already producing 40,000,000 pounds a year, while there are a large number of aluminum plants in various parts of Europe, including France, Germany, Sweden, and other countries, where water power at a low cost is available and where vast supplies of bauxite can be had at a low figure. Many of these foreign plants, if not all of the leading ones, are, it is said, syndicated and their financial operations controlled by banking houses. Some of them are able to secure water power as low as $6 per horsepower per year, and the supply of bauxite is reported as almost unlimited—indeed, there is a great mountain of it, from which the material is mined at a low cost. The rate of wages in foreign plants is said to be about 80 cents a day for a 12-hour working day, while in this country the rate for similar grade labor in aluminum work is about $2 a day for an eight-hour day.

* * * * * * *

Surely Congressmen from the South should be sufficiently interested in the industrial development of their section, for industrial progress is essential to agricultural prosperity, to see that the industries of the South receive a measure of protection fully equal to that given those of other sections. Of what avails our limitless stores of coal and iron

and clays and other resources out of which to create vast industrial wealth if through false political economy these resources are to remain dormant, valueless to their owners, to the South, and to the world?

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. OLIVER. I yield.

Mr. KENYON. I understand a part of that article was omitted. I have here the article in full. It is from the Manufacturers' Record of August 21, 1913. I do not know whether the part referred to was intentionally omitted or not.

Mr. OLIVER. I omitted the part which referred in detail to the development of the company, thinking it was not directly pertinent.

Mr. KENYON. The omission was intentional, then?

Mr. OLIVER. Oh, yes. I did not intend to insert all of it, because I did not want to extend it at such length.

Mr. KENYON. I had intended to insert it all.

Mr. BACON. Mr. President, as the Senator from Pennsylvania has noted the absence of the Senator from North Carolina, I wish to say that I have had inquiry made, and I find that he has been called away upon official business.

Mr. OLIVER. I am sure the Senator from North Carolina is not absent without cause, Mr. President.

I may add here that the Southern Aluminum Co. is largely owned by the principal owners of the French Aluminum Co., together with some of the large metal dealers in New York; that it has no connection whatever with the Aluminum Co. of America, but proposes to be a distinct and direct competitor with that company for American business. I am also informed that they expect to develop bauxite fields on this side of the ocean sufficient to supply their wants, but in case they are unable to do this they can obtain an abundant supply from France, where the deposits are near the sea, and can be transported direct from there to North Carolina seaports. It can easily be seen how unjust it would be to a new industry like this, bringing to the country millions of dollars of capital and involving the development of the great natural resources of the South, to absolutely open up our markets to free foreign competition.

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. OLIVER. Certainly.

Mr. KENYON. I am not going to interrupt the Senator again, because I know it is unpleasant, and it is better to wait until I can speak in my own time. But, referring to the point the Senator is now on, I should like to inquire if it is a fact that the Aluminum Co. of America has no connection whatever with the Southern Aluminum Co. or any of its officers?

Mr. OLIVER. I am assured that there is no connection whatever. This is reenforced in my mind by the fact that when I asked them about it they knew nothing whatever about the state of development of the enterprise, or anything of the kind.

Mr. KENYON. I have been informed that there was some connection, but I do not know.

Mr. OLIVER. I think I can assure the Senator that that is based on mere suspicion, because I know, or think I know, that it is not the case.

Mr. KENYON. Has the Senator information as to that from the officers of the Aluminum Co. of America?

Mr. OLIVER. It is from the officers that I obtained my information.

Mr. KENYON. From the officers of the company?

Mr. OLIVER. Yes; from the officers of the company, that there is no connection whatever between them.

Mr. KENYON. Would the Senator mind stating who are the officers to whom he refers?

Mr. OLIVER. I received this information directly from Mr. Finney, who is the southern sales agent of the company, with headquarters here in Washington.

Mr. KENYON. Of the Aluminum Co. of America?

Mr. OLIVER. Of the Aluminum Co. of America. I also have received some information from Mr. Davis, although I did not inquire directly from him, because it did not occur to me when I was talking with him; but I did, later on, ask Mr. Finney, and he assured me that there is no connection whatever.

Mr. KENYON. I do not know of my own knowledge as to the matter.

Mr. OVERMAN. Mr. President, I think I can say to the Senator that there is no connection whatever. I wish to say, unless the Senator has already stated it, that these French people were forced here. The French people bought some bonds of what was known as the Whitney Power Co. This company came down into North Carolina and built a dam about 30 miles from where I live for the purpose of developing power and furnishing power to railroads and cotton mills. The panic came on, and the company failed. In the meantime the Southern Power Co. were established near Charlotte and erected a great power plant on the Catawba River or its tributaries, and they succeeded in getting contracts for power with all our cotton mills. Nearly every cotton mill in the State is being run by power furnished by the Southern Power Co.

Mr. Whitney, who lived in Pittsburgh, Pa., and who financed this Whitney Co., failed, and the company failed; the matter was in litigation for a long time, and finally the property of the company was ordered to be sold.

The Frenchmen, who I think owned about $400,000 worth of these bonds, purchased the property. They then had the dam, partially completed, and about 10,000 acres of land. They found that the Southern Power Co. had come into this territory and had contracts to furnish the power for all these factories, and there was no field for activity or operation for another power plant in that section.

The French people therefore concluded that to utilize the property they were forced to purchase they would build an aluminum plant. I have seen their prospectus, and I know their officers can not speak English, because they had to speak to me through an interpreter. They are selling bonds in France now to complete the concern. They have a force there now of about 3,000 people, I am told, and have contracted for 250 houses, and all the officers are Frenchmen. I do not think they have any connection whatever with the American concern. I am sure of it, in fact, from what I have been told; and from all the circumstances—and I have examined into it—I think it is an entirely independent concern.

Mr. OLIVER. I think there is no doubt of that, Mr. President.

The Senator from Iowa, to show the arbitrary method adopted by the Aluminum Co. of America in dealing with its customers, inserts a copy of one of their contracts of sale, which he says is "a fair sample of the harassing methods employed by this arrogant monopoly toward those who were compelled to deal with them."

A critical examination of this contract will show that, while it is rather stringent in its provisions, it is not in anyway one-sided, and that it does not bind the customer to do anything except to specify in reasonable time for the aluminum which he has agreed to buy; but in reality it is not the usual form of contract which the company uses in dealing with its ordinary customers—it is a special form used in sales to importers and others, who only buy from the Aluminum Co. when they are unable to fill their wants from abroad. I have here a copy of the company's usual contract, simple and direct in its provisions, which I will ask the Secretary to read.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary proceeded to read the form of contract.

Mr. OLIVER. If the Senate will allow me I really do not think it is necessary to take time in reading it. I ask that it be inserted in the RECORD.

The PRESIDING OFFICER. That order will be made without objection.

The matter referred to is as follows:

ALUMINUM CO. OF AMERICA,
Pittsburgh, Pa., ———, ———.

This contract between Aluminum Co. of America, Pittsburgh, Pa., hereinafter called the company, and ——— ———, hereinafter called the purchaser, witnesseth:

(1) Within eleven (11) months from this —— date, the company will furnish and the purchaser will buy in approximately equal monthly installments not less than 400 nor more than 600 net tons (2,000 lbs. each) of aluminum ingot at the following prices:

No. 1 grade ———— ¢ per lb.
No. 12 alloy ———— ¢ per lb.

Other standard grades at the current extras or discounts from the No. 1 grade price in effect on the date orders are placed.

These are f. o. b. New Kensington, Pa.; Niagara Falls, N. Y.; or Massena, N. Y., at the company's option.

(2) The company's invoices will be payable without discount in New York or Pittsburgh exchange 30 days from date of bill of lading.

(3) Strikes, fires, differences with workmen, accidents to machinery, or other unavoidable causes will excuse either of the contracting parties from sending or executing orders.

(4) This contract is void unless accepted on or before ——— and in any event unless approved by the company's general sales agent.

Accepted ———, 1912; Submitted ———.
By ——— ———.

ALUMINUM CO. OF AMERICA,
By Manager.

Approved ———, 1912.

ALUMINUM CO. OF AMERICA,
By General Sales Agent.

Mr. OLIVER. Now, who are the men who are asking for a reduction or the removal of the duty on aluminum? An examination of the proceedings before the Ways and Means Committee of the House and of the briefs filed with the Finance Committee of the Senate will show that the most urgent ones are New York importers, who hope to increase their sales by reason of this legislation, and even they, as a rule, are only urging that the duty be reduced and not that the commodity be placed on the free list. The protests from the manufacturers are exceedingly few, and there would be practically none if it were not for an aggressive campaign conducted by the agent of the British Aluminum Co., Mr. Arthur Seligmann, of New York City. This gentleman in January last sent out broadcast a circular letter to all the manufacturers of aluminum products throughout the country which contained two glaring misstatements. The letter is published in the hearings before the Ways and Means Committee, on page 1483.

I have lately learned that immediately on the publication of the rates of duty recommended by the Finance Committee (2 cents per pound on ingots and 3½ cents per pound on sheets) this same British company, represented in America by this same Arthur Seligmann, placed contracts for 24 stands of sheet rolls and 7 foil rolls, a plant large enough to supply the entire sheet consumption of the United States. So soon are we to reap the fruits of these reductions.

Out of the hundreds of manufacturers of aluminum products in the United States to whom these letters were sent, so far as I can discover, only four responded by filing briefs with the Ways and Means Committee. The briefs of E. K. Morris & Co., the Milburn Wagon Co., and the Diller Manufacturing Co., all of which were inserted in the RECORD by the Senator from Iowa, were evidently inspired by this letter of Mr. Seligmann. This is shown by the fact that they are all dated within a few days after the date of his letter, and also by the fact that they repeat his misstatements almost in the same words. I will quote from Mr. Seligmann's circular and afterwards from the responses of the different companies:

MR. SELIGMANN. It is also a well-known fact that aluminum can be produced as cheaply over here as it can on the other side, and only a few years ago very considerable quantities of aluminum were exported to Europe and sold by the American producer at prices ruling on the other side, which of course were much lower than the ones paid over here.

THE DILLER MANUFACTURING CO. It is also a well-known fact that aluminum can be produced as cheaply over here as it can abroad, and only a few years ago very considerable quantities of aluminum were exported to Europe and sold by the American producer at prices ruling on the other side, which, of course, were much lower than the prices paid over here.

E. K. MORRIS & CO. It is our opinion, based on the best information we can secure, that aluminum can be manufactured in this country nearly as cheap as abroad.

THE MILBURN WAGON CO. We further believe that this country can produce aluminum as cheap as other countries, because it was not very long ago that the United States exported a great deal of aluminum, and this aluminum was sold at lower prices than it was sold in this country.

It will be noted that the letter of the Diller Manufacturing Co. quotes the very words of Mr. Seligmann's letter. Now this letter was written at a time when there was an aluminum famine in this country. For some reason the demand for aluminum during the last half of 1912 was so great that the Aluminum Co. was unable to supply it. That company met the demands of its customers as far as it could, and, as I have before stated, reduced the quantity of ingots supplied to the companies in which it had an interest to one-half their requirements in order to supply the wants of its other customers so far as possible. Its managers even purchased some aluminum from abroad and handed it over to their customers at cost prices and in some cases at a loss. They did this because of their desire to hold their customers' business as far as possible and to prevent that dissatisfaction which must ensue when a manufacturer is unable to obtain a steady and reliable supply of raw material. Notwithstanding this, the demand exceeded the supply and the users of aluminum were consequently in a dissatisfied frame of mind. Mr. Seligmann's circular, therefore, fell on fertile soil, and it is a matter of surprise that the responses to it were so very few in number. In addition to these briefs there were two or three others filed with the Finance Committee later on, but I have no reason to suppose that there was any connection between Mr. Seligmann and these parties.

I may here add that the shortage of aluminum is now over and there is an ample supply for all who desire it.

The two misstatements in Mr. Seligmann's circular and in the briefs mentioned, to which I referred, are that aluminum can be produced as cheaply in this country as it can on the other side, and that the American producer (evidently referring to the Aluminum Co.) had been exporting the product of that company to Europe and selling at lower prices than those which prevailed over here. These statements are, both of them, absolutely false, as I will demonstrate before I conclude.

There is still another letter which the Senator from Iowa inserted in the RECORD to which I refer with some regret, for its very insertion without qualifying comment seems to me to approach very near to an act of bad faith to the Senate and to the public. It is a letter from the Racine Manufacturing Co. of Racine, Wis. It contains this statement:

We know for a positive fact that the Aluminum Co. of America has exported material both in sheet and shapes to European countries by fast steamers, such as the *Lusitania*, *Mauretania*, and other fast boats, and the first thing that confronts them when they reach the European shores is the fact that they must meet the European competition and sell their stock anywhere from 20 to 25 cents per pound, which is the same stock that they are selling in this country at 30 and 40 cents per pound.

Now, at the time that the Senator from Iowa inserted this letter in the RECORD he must have read the testimony of Mr. Davis before the Ways and Means Committee of the House, for he quoted copiously from that testimony in his speech. And Mr. Davis at that time asserted most positively that never in its history had the Aluminum Co. of America exported any of its own products; that any exports it had made were the products of imported material upon which it obtained a refund of 99 per cent of the duty. Further than this, in the course of Mr. Davis's testimony, Mr. FORDNEY, of Michigan, a member of the Ways and Means Committee, alluding to this same Racine Manufacturing Co., uses the following language:

Mr. Chairman, if Mr. Davis will permit me to interrupt him just for a statement. I think it is due to Mr. Davis and to the members of the committee to say that I received a letter from a firm to whom the Aluminum Co. of America sells aluminum, dated the 2d of December, in which they complain that the Aluminum Co. of America were selling aluminum cheaper abroad than they were selling it in this country. I wrote him and asked for a full explanation, and he finally, on December 26—and it is the manufacturing company of Racine, Wis.—and he apologizes and states that he was wholly misinformed, and that the information given to the chairman of this committee at that time was incorrect, and that there were no exportations, as stated in his letter to Mr. Underwood on December 2.

I have here a copy of a letter written to another Member of Congress by the Racine Manufacturing Co., in which they make the same recantation of their charge. It is not long, and I will ask the Secretary to read it.

The PRESIDING OFFICER. The Secretary will read as requested.

The Secretary read as follows:

RACINE, WIS., *December 21, 1912.*

The Hon. ANDREW J. PETERS,
House of Representatives, Washington, D. C.

MY DEAR SIR: Since writing our letter of November 25 to the chairman of the Ways and Means Committee and our letter to you of November 30, 1912, we have received several replies to same from various Representatives in which they have asked us to verify the veracity of our report in regard to several items. The majority of exceptions have been to the fact that we claimed that the Aluminum Co. were exporting at the present time and not able to supply the local demand, but giving the European market the preference.

At the time we wrote this letter we believed that this was true, but in receiving so many responses, and all along the same line, we felt that we owed it to you and to every member of your committee to personally investigate the matter by a trip east.

The writer has just returned, and we find that our statements have been misleading. The records show that during 1908, 1909, and 1910 the Aluminum Co. exported considerable stock, due to the fact that there was an overproduction in this country. We, as well as other manufacturers, were not using anywhere near the quantity that we are using at the present time.

We also found that a good deal of the exported stock was made in Quebec and brought into this country in an ingot form under bond and rolled into sheets under bond in Buffalo, as we understand it. It was then exported and all the duty practically refunded.

Therefore, our statements to you have been misleading, because this proves conclusively that this stock was not made in the United States, but made in a foreign country, and the rolling into sheets was the only labor performed in this country, and as the stock in question has been bonded through from Canada, the Aluminum Co. would not have to contend with the American-made products.

We have also ascertained that there is now in process of organization an aluminum company to compete with the United States Aluminum Co. in this country.

We want to be fair with you in this matter, which explains our reason for our trip east, and we do not propose to make any statements that we can not substantiate.

Thanking you for the consideration shown and appreciating the efforts that you are putting forth, we are,

Yours, very truly,
RACINE MANUFACTURING CO.,
By ——— ———, *Secretary.*

Mr. OLIVER. Now, when the Senator introduced this letter had he forgotten that the Racine Co. had made the amend, or was he simply desirous of placing before the public everything that was prejudicial to this company and of concealing the real facts? I leave it to him to decide.

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. OLIVER. I do.

Mr. KENYON. The Senator is propounding that to me as a question. I did understand from the testimony that Mr. Selig-

mann, a man whom I do not know and never had any correspondence with, had withdrawn a certain letter he had written to the committee. I gathered together a large bunch of letters and had them introduced, perhaps without paying any particular attention to this particular letter. I did not understand, and I do not now understand, that the Racine Manufacturing Co. had withdrawn what they said, but I do understand from the Senator that they withdraw what they say about the information from Mr. Seligmann.

Mr. OLIVER. I beg pardon, Mr. President; the Racine Manufacturing Co.'s letter was written before Mr. Seligmann's letter was written, as the Senator will see from its date in the testimony, and it had no bearing upon it at all, and was not called forth by it. In fact, the Racine Co.'s brief or proposition to the Ways and Means Committee, as far as I have seen, is the only one that was voluntarily submitted by a manufacturer to the Ways and Means Committee. All the rest were submitted by importers, and, as Mr. Fordney stated, they in distinct terms withdrew their statement to the prejudice of this company about exportations.

But that is not all. I have stated that the Senator quotes very freely from the testimony of Mr. Davis, with a view of showing that that gentleman admitted acts of apparent wrongdoing on the part of his company, but he invariably selects out the point which suits him and omits to insert Mr. Davis's explanations which always follow. For instance, on page 3712, the Senator inserts a colloquy between Mr. Palmer and Mr. Davis referring to the trade agreement between the Canadian company and the European companies, but omits Mr. Davis's statement which immediately follows and which is in the following language:

But, as I say, that contract has no relation whatever to the United States, and so far as the United States business is concerned it is a decided detriment from our standpoint.

Mr. PALMER. Why?

Mr. DAVIS. Because these people have got a certain amount of surplus to dump and this is the only place to dump it, the United States, and that is where they send it.

Again referring to the same Canadian-European agreement, the Senator from Iowa inserts a long dialogue, from the reading of which an opinion prejudicial to the Aluminum Co. must be formed, but omits that which immediately follows. I read:

Mr. PALMER. Against the Sherman law for a company in America to make an agreement with a European company?

Mr. KENYON. What page of the record or of the hearings, if the Senator please, is he reading from?

Mr. OLIVER. I will state that I can not inform the Senator, but it follows shortly afterwards.

Mr. KENYON. The Senator does not happen to have the page of the hearings?

Mr. OLIVER. I have not the page of the hearings. I am sorry that I have not.

Mr. KENYON. All right; I will try to find it.

Mr. OLIVER. I have them all marked in my book of the hearings, but unfortunately have not the book at hand at this moment.

Mr. PALMER. Against the Sherman law for a company in America to make an agreement with a European company?

Mr. DAVIS. Well, I am not enough of a lawyer to tell whether it might be so construed, but we wanted to be absolutely on the safe side and be absolutely a law-abiding company. So we not only made no attempt to make an agreement——

Mr. PALMER (interposing). You made up your mind that you would do nothing that could possibly be construed as a violation of the laws of the United States?

Mr. DAVIS. Yes, sir.

Mr. PALMER. But you have a pretty accurate understanding with those companies over there about the price at all times, have you not?

Mr. DAVIS. Absolutely none, sir. If we had we would consider that we would be violating the law. I do not think there is a great deal of difference between a secret contract and a written one.

Mr. PALMER. They have made a contract for all the European markets and the Canadian markets between all the manufacturers of aluminum except yourselves, and you now say you are practically competing against a combination which is world-wide?

Mr. DAVIS. No, sir; you mean competing in the United States?

Mr. PALMER. Yes.

Mr. DAVIS. No, sir; because none of these companies have any connection with each other so far as the United States is concerned. Each of them operates quite independently and without the knowledge of the others at all.

Mr. PALMER. And with no understanding about price?

Mr. DAVIS. Absolutely none.

Mr. PALMER. Is there, in fact, any competition as to price for the American market as between those European companies?

Mr. DAVIS. Absolutely the most open and free, and from every standpoint the most virulent.

Another instance—on page 3712, the Senator from Iowa inserts the following:

Mr. RAINEY. Of course, you do not expect your Canadian company to furnish much competition, do you?

Mr. DAVIS. In this country?

Mr. RAINEY. Yes.

Mr. DAVIS. No, sir; naturally not.

But the Senator omits the following:

Mr. RAINEY. And on account of the agreement of your Canadian company with all of these other foreign companies you would not expect the foreign companies to furnish much competition for you, would you?

Mr. DAVIS. We not only expect it, but we have it. As I tried to explain, this agreement distinctly excludes the United States, and every company under the agreement is at perfect liberty to sell as much as it pleases in the United States and at whatever price it pleases.

Mr. RAINEY. Including the Canadian company?

Mr. DAVIS. Oh, yes; of course, including the Canadian company.

Mr. RAINEY. You do not expect them to do it, do you?

Mr. DAVIS. No; we naturally do not expect them to do a great deal; but there are, I think, 11 other companies which are free to import into the United States, and the figures show that they do import into the United States.

Then I skip a few paragraphs.

Mr. RAINEY. Is it not true that your Canadian company and these foreign companies are on such amicable and friendly relations that it leads to a gentlemen's agreement by which the foreign companies will not interfere with you very much in the United States?

Mr. DAVIS. Absolutely not, sir. I have already answered that question to Mr. Palmer and would like to reiterate it again to you that there is absolutely nothing of the sort and, in fact, just the reverse.

Mr. RAINEY. Does the fact that your Canadian company has a perfect agreement with all of the foreign companies produce a feeling of unfriendliness toward you?

Mr. DAVIS. It produces the keenest competition in this country, because this is the only country in which they can sell. The old saying is that "the proof of the pudding is in the eating of it." Now, the matter of fact is that they imported into this country last year 30 per cent of what we make, which does not look as though there was very much of a gentlemen's agreement.

I will pause here to say that I think even the Senator from Iowa will admit that Mr. Davis in his testimony acted toward the committee with the utmost frankness. He not only showed no effort to conceal anything, but he voluntarily gave the committee the fullest possible information with regard to his business, concealing nothing.

Mr. President, I have cited these instances and inserted these extracts to show—and I think I have shown—that the Senator from Iowa throughout the whole of his speech was actuated more by the zeal of a prosecutor than by a desire of fair and impartial discussion of the merits of the question before the Senate.

I will now turn to the point on which the Senator plays his high card, and upon which he evidently relied more than on anything else to produce in the minds of his hearers a feeling of resentment against this company. I refer to the famous Swiss agreement, denominated—I know not why—the A. J. A. G. agreement. In presenting this agreement he charges that its provisions are "so infamous as to constitute business treason." He says that "in this agreement the foreign company absolutely refuses to sell aluminum, directly or indirectly, to the United States Government." Now, I say, Mr. President and Senators, that nowhere within the lines of this agreement is there any mention whatever made of the United States Government, and that never, at its inception or during its existence, were sales to the United States Government contemplated or considered by either of the parties thereto or by anybody who had any connection therewith.

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. OLIVER. I do.

Mr. KENYON. I do not want to interrupt the Senator, but——

Mr. OLIVER. I like to be interrupted.

Mr. KENYON. All right. On page 16 of the contract of the Aluminum Co. of America with the Swiss company this is set out—

Accordingly the A. J. A. G. will not knowingly sell aluminum directly or indirectly to the United States of America and the Northern Aluminum Co. will not knowingly sell directly or indirectly to the Swiss, German, and Austria-Hungarian Governments.

Is not "the United States of America," in connection with the entire language of that clause, clear?

Mr. OLIVER. The United States Government was never thought of when the agreement was made.

Mr. KENYON. How does the Senator know the United States Government was never thought of?

Mr. OLIVER. Because the agreement shows it, and the result shows it.

Mr. KENYON. The language shows what it is, and not what the Senator may know.

Mr. OLIVER. I am going to undertake a hard task. I am going to undertake to persuade the Senator from Iowa that it never was thought of.

Mr. KENYON. I am willing to be persuaded, if the Senator has that intimate knowledge which differs from the plain language of the contract.

Mr. SHIVELY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Indiana?

Mr. OLIVER. I yield to the Senator.

Mr. SHIVELY. The language of the contract does not mention the United States Government.

Mr. OLIVER. I understand that.

Mr. SHIVELY. It does mention the United States of America. Now, that is different; and is it not even broader, agreeing that they would not only not sell to the United States Government, but they would not sell to the people of the United States?

Mr. OLIVER. Mr. President, I agree with everything the Senator says, and I am going to allude to it. There is in the agreement a clause by which the Swiss company agrees not to sell to the United States of America, and that means the whole United States, and that includes the United States Government. But I think now, if the Senator will listen to me, he will be convinced—and I think even the Senator from Iowa will be convinced—that under these regulations of the Swiss, Austrian, and German Governments there was an element, as far as it related to the Swiss company, that showed that the sales to the Government of the United States were not considered at all when it came to the Aluminum Co. of America.

I will ask the Senator from Indiana to listen to what I have to say within the next five minutes, and I will be very glad then to have him ask me any question he pleases.

I must say that if this contract had been entered into between any two companies which monopolized or controlled, or sought to monopolize or control, the aluminum business, it would be in the highest degree reprehensible, and under our laws would be criminal; but when you come to consider that the agreement is between only 2 out of 14 companies, or, eliminating the Aluminum Co. of America, 2 out of 13 companies, all engaged in the same lines of business and all competing with each other, it must immediately appear that there was some reason for its existence other than that of controlling sales, prices, or territory. The whole thing is easily explained.

The Northern Aluminum Co., manufacturing aluminum in Canada, was entering the foreign field and had established selling agencies in Great Britain and South America. The Swiss company, which was the largest European producer of aluminum, but whose output amounted to only about 20 per cent of the total European product, had its agencies established in Continental Europe. These two companies, therefore, as a measure of business economy, to save selling expenses, agreed between themselves that their selling agencies would mutually represent each other in their respective territories and that the products so sold would be divided according to the percentages stipulated in the agreement. The Swiss company, however, insisted that as it would naturally have the preference in selling to the Swiss, German, and Austro-Hungarian Governments, there should be no allotment to the Northern Co. so far as sales to those Governments were concerned; that is, that the sales which the Swiss company made to those Governments should not be included in the percentages of the sales named in the contract. Then follows the stipulation that sales in the United States were reserved to the Aluminum Co. of America, which was the parent company of the Northern company making the contract. This refers to all sales in the United States, and sales to the Government were not mentioned, and as I think I can conclusively prove were not considered, in making the agreement. I do not by any means defend this stipulation with regard to sales in the United States, and I believe that if the Aluminum Co.—I am referring to all the sales in the United States—has done anything that is a violation of the Sherman Act it is in this instance; but in making the agreement it was not guilty of the "business treason" with which the Senator charged it, for there were 11 other companies then and now in existence who were not only potential but actual competitors for the Government business, and for all business in the United States of America then and since, as I shall now show.

Mr. SHIVELY. Mr. President, right there, do I understand that the Senator contends that at the time this agreement was made and for some time subsequent thereto there were 11 other companies in competition with the Northern Aluminum Co.?

Mr. OLIVER. There were 11 other companies in competition, through their agencies in the United States, with the Aluminum Co. of America. They not only competed, but they did business in the United States; they competed for Government business. They not only competed for it, but they got it. They not only got it, but they got all of it during the whole three years that this agreement was in force. The Aluminum Co. of America during the whole three years never sold a pound to the United States Government, but what the Government bought was imported aluminum. I have the record here for that.

Mr. SHIVELY. If the Senator please, all of these companies, however, at that time were in these written agreements with the Northern Aluminum Co.

Mr. OLIVER. Not at all. This agreement of the Northern Aluminum Co. was only with the Swiss company.

Mr. SHIVELY. Let me call the Senator's attention to what Mr. Davis said. I think the Senator must have overlooked that. His testimony is found on page 1502 of the hearings.

Mr. OLIVER. I know, and I have explained that. That is an agreement of the Northern Aluminum Co. with the other companies, and I think the Senator will find that it is dated long after this agreement; it is an entirely distinct and different thing; it is an agreement between the Northern Aluminum Co., the Canadian Company—it is a syndicate agreement, a cartel—and the various European companies, and includes all of them, by which they divided up, in accordance with the European custom, all of the aluminum business of the world outside of the United States of America; but the business in the United States of America is open to competition with every one of them, and not only open to competition, but last year they sold 70 per cent as much in this country as did the Aluminum Co. of America.

Mr. SHIVELY. The Aluminum Co. is itself a frequent importer.

Mr. OLIVER. The Aluminum Co. is an importer of raw ingot aluminum, of which it takes, I suppose, the surplus product of its Canadian plants, and pays the duty on it. If it has occasion to export any manufactured material, it receives a drawback, but so far as American business is concerned, there are 14 companies in the world competing for it to-day. There is only one manufacturer of this article up to date in the United State of America, but there soon will be two. So far, however, as sales and business are concerned, the business is as free and open as the air we breathe. I have anticipated a little what I intended to say, but I will now go on. I should like the Senator from Indiana to listen, and also for the Senator from Iowa to listen.

This Swiss agreement took effect on October 1, 1908. It was terminated by notice—I want the Senator from Iowa to hear what I have to say.

Mr. KENYON. I am listening.

Mr. OLIVER. I beg pardon; I did not see the Senator.

Mr. KENYON. I would not miss a word for anything.

Mr. OLIVER. It was the Senator from Indiana [Mr. SHIVELY] to whom I was more particularly referring. I want the Senator from Indiana to listen to this, because I think he is a fair man, and I think I can convince him. I repeat that this Swiss agreement took effect on October 1, 1908. It was terminated by notice in August, 1911, which, by the way, was considerably more than a year before the Government suit was brought.

The Senator from Iowa, in order to show how necessary aluminum is to the Navy, submitted a list of purchases of the Navy Department during the years 1910, 1911, and 1912. I am now able to add the year 1909 to his list, and to give a list of all the purchases by that department during the three years or less in which this Swiss agreement was in force.

I will not go over all the figures, but I ask that the table be published in the RECORD.

The PRESIDING OFFICER. There being no objection, that order will be made.

The table referred to is as follows:

Schedule.	Date.	Quantity.	Unit price.	Contractor.
963	Mar. 9, 1909	200 pounds	$0.55	Baer Bros.
1361	June 29, 1909	2,000 pounds	.21	The Nassau Smelting & Refining Works.
1380	July 6, 1909	1,000 pounds	.185	Do.
1405	July 13, 1909	1,000 pounds	.217	Do.
1493	Aug. 10, 1909	4,000 pounds	.22½	Illinois Smelting & Refining Works.
1635	Sept. 14, 1909	3,000 pounds	.2249	Columbia Smelting & Refining Works.
1663	Sept. 21, 1909	1,000 pounds	.2125	Nassau Smelting & Refining Works.
1736	Oct. 12, 1909	64 sheets	10.00	J. H. Jolly.
1741	do	1,000 pounds	.22125	The Nassau Smelting & Refining Works.
2036	Jan. 4, 1910	800 pounds	.215	Great Western Smelting & Refining Co.
2133	Jan. 25, 1910	1,500 pounds	.2175	Nassau Smelting & Refining Works.
2718	Aug. 2, 1910	2,000 pounds	.2299	Berry & Aikens.
2759	Aug. 9, 1910	3,000 pounds	.219	Nassau Smelting & Refining Works.
3021	Nov. 8, 1910	3,000 pounds	.2175	General Metals Selling Co.
3585	May 31, 1911	5,000 pounds	.2015	Pope Metals Co.

Mr. OLIVER. This table shows that beginning with March 9, 1909, and ending May 31, 1911—and this includes everything that was purchased by the Navy Department from the 1st of October, 1908, until the date in August, 1911, when the Swiss agreement was terminated by notice—there were 15 purchases of aluminum made by the Navy Department. The total amount of all these was 28,500 pounds. The total value was less than $7,000.

Mr. SHIVELY. Can the Senator state the average price per pound the Government paid?

Mr. OLIVER. I will state that the unit price is given opposite every one, and it runs from 18½ cents a pound up to about 23 cents a pound—there is one small shipment of 200 pounds made at 55 cents a pound, probably some highly finished article made of aluminum.

Mr. SHIVELY. If I may interrupt, does the Senator know whether that 18½ cents a pound was the price of the ingot aluminum?

Mr. OLIVER. It must have been, because plates and the more highly finished articles would undoubtedly sell higher than that.

Is it likely that two companies of the magnitude of these two companies, whose gross contracts would amount probably to $20,000,000 a year, would go to the trouble of crossing the ocean to enter into an agreement to cheat the United States Government, whose purchases in three years only amounted to $7,000? As a simple proposition what is the likelihood of this occurring? But I will go further than that. I will read the names of those who furnished this material. The firm of Baer Bros., filled one out of the 15 contracts.

Mr. GALLINGER. Where are they located?

Mr. OLIVER. They are New York importers. The Nassau Smelting & Refining Works filled seven of them; the Illinois Smelting & Refining Works filled one; the Columbia Smelting & Refining Works filled one; J. H. Jolly filled one; the Great Western Smelting & Refining Co., one; Berry & Aikens, one; the General Metals Selling Co., one; and the Pope Metals Co., one.

There is not one of these concerns in which the Aluminum Co. has any interest whatever; there is not one of them that is a customer of the Aluminum Co., except occasionally, when they can not get aluminum elsewhere. They are all importers. I have information—I want the Senator from Iowa to hear this—that the Nassau Smelting & Refining Works, which filled seven of these orders, obtained the material supplied to the United States Government directly from a bonded warehouse. I acquit the Senator from Iowa of intentional deceit in this matter, but surely a critical examination ought to show him or any reasonable man that the controlling intention of a contract between only 2 out of 13 competitors could not possibly be the control or monopoly of the business, and his charge of any intention to control Government orders or to shut out competition for such orders must be dismissed as childish when we consider that during the whole life of the agreement the supposed beneficiary neither directly nor indirectly sold one pound to the Government of the United States—to the Navy Department, at all events. I have not been able to obtain the records from the War Department, but the sales to that department are negligible; they use very little. This effectually disposes of the charge of "business treason."

Now let us see, Mr. President, who will be the principal beneficiaries from the removal of this duty; or, rather, who are those who ask for it, for I hold that it will benefit nobody but the foreign manufacturer and the importing middleman. In the first place the use of aluminum is largely confined to those who are able to pay for it. It is from its nature an industrial luxury. Except where it is used as an alloy in the manufacture of steel, it goes chiefly into fine houses, intricate and high-priced machinery, and fine automobiles. As a general proposition I would say that a reduction of 1 or 2 or 3 cents a pound in the price of the aluminum ingot would bring about no change whatever in the prices charged for a vast majority of articles into which it enters.

Among the answers to interrogatories propounded to manufacturers by the Committee on Finance, I find on page 52 a communication from the Ford Motor Co., of Detroit, Mich. Interrogatory number 2 reads as follows:

> What are the raw materials used in the production of the commodity you produce? State exact nature of material used.

The Ford Motor Co. answers as follows:

> In such manufacture, among other raw materials, we use large quantities of aluminum, purchasing same in ingots.

Further on they say:

> We use approximately 11 pounds of aluminum per automobile.

You will note that this company ignores entirely all such trivial matters as engines, steel, electrical apparatus, tires, glass, leather, springs, commutators, magnetos, and what not—in fact, all of the almost innumerable items of raw material entering into the manufacture of automobiles—and mentions only the 11 pounds of aluminum used in each car. The same company also filed with the Finance Committee a brief upon the subject of aluminum. It is found upon page 453 of the briefs and statements filed with the Finance Committee. In this brief the Ford Co. states that—

> it was obliged since October 1 to import upward of 2,000,000 pounds of aluminum owing to the inability of the Aluminum Co. of America to supply its wants, and that it paid therefor $0.2685 per pound f. o. b. Detroit.

I will here call attention to the fact that while the Aluminum Co. was unable to supply the wants of all of its customers during the latter part of 1912, it never advanced the price beyond 22 cents per pound during that period, which would be substantially 5 cents per pound less than the Ford Co. says it paid for imported aluminum. This, it seems to me, is a complete answer to the charge made by the Senator from Iowa that the Aluminum Co. held its price at a figure substantially 7 cents per pound, or the full amount of the duty, above the price of imported metal.

Let me say a few words about this Ford Motor Co. One of the chief counts in the indictment of the Senator from Iowa against the Aluminum Co. is that "this monopoly has made enormous profits." I quote his very words. Now, whatever profits were made by the Aluminum Co., the greater part of its accumulations arose during a period when it was absolutely protected by the patent laws of the United States. This can not be said of the manufacturers of automobiles, with whom patents, as a rule, have been mere incidents.

I have made some inquiry about the Ford Motor Co. and have received some little information concerning it. I find that the company was organized on June 17, 1903, just about 10 years ago, with an authorized capital stock of $150,000, of which, however, only $100,000 was paid in. I have since been informed that of this $100,000 there was only $60,000 paid in in cash, but that the other $40,000 was issued for patents. I am not quite certain about this, however, and will give them the benefit of the doubt, and say they started out with a cash capital of $100,000. This was all the cash that was ever paid in on their capital stock. All subsequent additions and all the dividends were from profits. Five years afterwards, on October 22, 1908, the capital stock was increased to $2,000,000, and in November, 1908, the treasurer of the Ford Co. made the statement that the increase from $150,000 to $2,000,000 was all paid in by stock dividend from accumulated surplus—$1,850,000 accumulation in five years, and that is only the beginning.

Their statements for the last four years show the following net surplus over and above all liabilities:

Aug. 1, 1909	$3, 206, 000. 00
Sept. 30, 1910	5, 581, 772. 02
Sept. 30, 1911	10, 375, 145. 28
Sept. 30, 1912	16, 745, 095. 57

Mr. LODGE. Is that the annual profit?

Mr. OLIVER. Oh, no; the accumulation.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. OLIVER. I do.

Mr. SMOOT. Does the Senator know whether the report is true that the company, while making these profits, also pay Mr. Ford $100,000 per month as salary?

Mr. OLIVER. I will state that I have heard that, but I do not know whether it is true. I am coming to that.

The earnings deducible from the above figures are as follows:

For the year ending—	
Sept. 30, 1910	$2, 375, 772. 02
Sept. 30, 1911	4, 793, 373. 26
Sept. 30, 1912	6, 369, 950. 29

In addition to this, during all this period the company was declaring large dividends. I have no direct information about the amount of these dividends, except as to the last one, to which I will allude, but they undoubtedly amounted to many millions of dollars, so that the earnings I have above stated are in addition to whatever amount the company has seen fit to divide among its stockholders in the meantime. It will be seen from this that the earnings for the year ending September 30, 1912, were over 6,000 per cent on the capital invested nine years preceding, while the undivided surplus amounted to nearly 17,000 per cent on the original capital, and the total investments in the business amounted to 20,000 per cent of the original capital.

About one month ago the company paid a cash dividend of 500 per cent on its capital of $2,000,000. The dividend amounted to $10,000,000 in cash paid out in one lump. Computed on the

actual cash capital of $100,000, which was originally paid in, this one dividend would amount to 10,000 per cent.

I am told that this company pays Mr. Henry Ford, its president, a salary of $100,000 a month—not $100,000 a year, $100,000 a month; but I learn this only from hearsay, and will not vouch for the truth of the statement.

According to my information, the Ford Co. last year produced 75,000 automobiles. I understand that this year they expect to turn out something like 250,000; and this is borne out by their statement to the Finance Committee, in which they say that they use annually about 2,500,000 pounds of aluminum, which, allowing 11 pounds for each car, would furnish 227,272 cars. If 75,000 cars enable them to scatter dividends of $10,000,000 every once in a while, what will 227,000 cars do for them? Figure it out by the rule of three. It actually makes one dizzy to deal with such figures. Alongside of them the accumulations of the Aluminum Co. look like the traditional "30 cents."

Now, I am not begrudging these earnings to the Ford Co. I understand that Mr. Ford, the head of the company, was practically the first man to conceive the idea that the automobile was destined to become an article of general use and not simply a pleasure vehicle for the rich; that he is a great engineer; and that he bent his mind toward the devising of a car which could be built at as low a cost as possible, consistent with good workmanship. As I understand, he has come nearer to solving this problem than any man living, and he has met with the success he so richly deserves. He is getting only what is coming to him. But I do say that he and his company are by no means objects of sympathy, and that it little becomes them, and others like them, to complain of this duty, the removal of which would only tend to swell their already overgrown budget of enormous profits.

Mr. LODGE. During the period when this victim of the Aluminum Co. of America was making these enormous profits it itself was receiving a protection, I believe, of 45 per cent.

Mr. OLIVER. Forty-five per cent; yes. That does not count, though, in these days.

Mr. BRISTOW. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Kansas?

Mr. OLIVER. Certainly.

Mr. BRISTOW. Did not a representative of the company say, however, that it did not need any protective tariff at all for its business; that it could sell abroad in competition with any other manufacturers?

Mr. OLIVER. I have heard that statement, but I do not think it appears in either of the briefs which were filed.

Mr. BRISTOW. It may not appear in the briefs, but that statement has been printed time and again.

Mr. OLIVER. I should not think it needed any.

Mr. LODGE. They have not suggested the removal of any duties except other people's duties.

Mr. BRISTOW. Oh, no; I think the Senator is mistaken about that.

Mr. LODGE. Not in anything that appears here.

Mr. BRISTOW. The Ford Co. has maintained that it does not need any protective duty. As a matter of fact, there are more Ford automobiles in Europe than any European build to-day.

Mr. OLIVER. It needs the removal of duties only on what it buys, I suppose.

The Ford Co. in its communication to the Finance Committee states that it uses approximately 11 pounds of aluminum on each automobile. Taking this at an average rate of 18 cents per pound it would mean that they spend for aluminum a little less than $2 on each automobile. Assuming for the moment that they are compelled by reason of the tariff to pay an additional price equal to the whole duty—7 cents per pound—the cost to this company under the present law would be 77 cents for each automobile, and under the proposed duty of 2 cents per pound it would amount to only 22 cents per automobile, and still they come in here and complain. I really think, Mr. President, that, so far as this one company is concerned, in justice to this downtrodden industry, grunting and sweating as it does under the burden of this aluminum monopoly, perhaps this duty ought to be removed. Let them have their 22 cents—they need the money.

I have already said enough, perhaps too much, about the Aluminum Co. of America. I will now, in as few words as possible, discuss the abstract merits of the paragraph before us and the amendment proposed by the Senator from Iowa.

The duty on aluminum—that is, aluminum ingots—under the present law is 7 cents per pound. It is proposed by the Finance Committee to reduce this to 2 cents per pound, and this proposition has received the sanction of the Senate. The amendment of the Senator from Iowa proposes to abolish the duty altogether, not only upon the aluminum ingot but upon all articles made therefrom. Now, I would like Senators for the time being to dismiss from their minds all thought of the Aluminum Co. of America and to assume that this is a competitive business, as it really is so far as the sale of the product is concerned, and undoubtedly will be in a year from now with regard to its manufacture, for by that time the Southern Aluminum Co. will be about ready to operate its plant.

First let us take the question of revenue:

The Government during the fiscal year ending June 30, 1912, derived a revenue from imports of this product amounting to $1,122,252.87, and during the fiscal year of 1913 the amount was $2,196,555.03. At the proposed duty of 2 cents per pound on ingots and 3½ cents per pound on plates—even assuming that the imports would not increase under the reduced duties—the revenue to be surrendered by placing it upon the free list would be $638,393.24. It would be no less than a crime to surrender this revenue unless there was a crying reason therefor.

Now, let us look at the question from the standpoint of even competitive protection. Aluminum is really a unique product in that it is commonly accepted to be a raw material in the same sense as zinc or copper, but in reality it is a highly finished product and should be classed with an automobile or a piece of furniture so far as its cost and real value are concerned as compared with the cost and value of the raw materials from which it is evolved. The cost of producing aluminum is practically altogether labor. Different from most other highly finished products, aluminum is produced from cheap and common raw materials—bauxite, coal, salt, and petroleum coke. It requires about six tons of bauxite, six tons of coal, one-quarter ton of salt, and one ton of petroleum coke to make one ton of aluminum. These quantities of bauxite, coal, and salt in the ground and the petroleum coke at the refinery are not worth at the outside $15, and yet they produce a ton of aluminum which is worth (at 18 cents a pound) $360, and all of this value, with the exception of a comparatively small amount of supplies, is added to these raw materials in the form of labor.

Bauxite, the native ore, is first made into alumina. The labor in producing aluminum naturally divides itself into that required in making alumina, that required in making carbon electrodes, and the direct labor required in the process of smelting aluminum from alumina. The bauxite, the coal, and the salt—the salt being first made into soda ash—are put together in a complicated chemical process to produce alumina.

The Aluminum Co. of America manufactures a part of its own alumina, but it also purchases a very large quantity from outside manufacturers at a cost of 3 cents per pound. It takes 2 pounds of alumina to make 1 pound of aluminum, so that with alumina at 3 cents per pound the cost per pound of aluminum for alumina only is 6 cents.

With the exception of minor supplies, the entire cost of alumina is in labor, either in making the salt into soda ash or getting the coal out of the ground and under the boiler or in the direct labor required in the process. At the East St. Louis plant of the Aluminum Co. of America they employ 1,000 men and pay from $1.75 to $2.25 per day, with the skilled artisans at much higher wages. The relative wages paid for such kinds of labor in France are too well known to require comment—in addition to which the greater number of the men employed at the East St. Louis plant work only 8 hours a day, while in France all of this work is done on 12-hour shifts.

It takes about three-fourths of a pound of carbon electrodes to make 1 pound of aluminum. Carbon electrodes are made from petroleum coke by grinding and baking, and are worth on the market about 3 cents per pound—2½ cents would be a very close market price. Petroleum coke at the ovens is worth about one-fourth of 1 cent per pound, and the difference between this price and a finished price of 2½ cents per pound is nearly all direct or indirect labor. At 2½ cents per pound the carbon electrode cost per pound of aluminum would be $1\frac{8}{10}$ cents.

The other principal item besides direct labor in the manufacture of aluminum is electric power. Here the French manufacturer has a decided advantage because of the high falls which are available on the west slope of the Alps and the north slope of the Pyrennes—and the bauxite lies between these two ranges on the Mediterranean shore, as do also coal deposits. The French water powers not infrequently have a drop of 2,000 feet, while the water powers of the United States run from 30 to 150 feet on the average. The cost of a water power is almost altogether labor. The digging of canals and flumes and building of dams, and so forth, all involve a very large amount of labor, which is reflected in the cost of a horsepower.

The French thus have the advantage of not having so much dirt to move or so wide dams to build on account of handling so much less water, as they get the power from a high drop, which

otherwise must be made up in volume of water; and, secondly, they get the advantage of cheap labor in digging their canals, building their dams, and so forth, as compared with our labor. The ordinary hydroelectric development in the United States is considered cheap at $100 per horsepower. An average cost would be nearer $120 per horsepower. Foreign aluminum manufacturers would not even consider a power which would cost more than $70 per horsepower, and the cost of $50 per horsepower is not at all uncommon.

One horsepower will produce about 450 pounds of aluminum a year. A fair price for electric power in this country is $18 per horsepower per annum, and a close price is $15. At $15 per horsepower per annum the cost of electric power per pound of aluminum is 3⅓ cents.

When it comes to direct labor in the smelting process, the French manufacturer has a very decided advantage because in this process dexterity does not cut much figure. No amount of dexterity or skill can increase the quantity of metal electrolytically deposited. It is hot, hard work, and the American plants run three shifts and pay an average of $2 per caput, or $6 per day, while the French pay 80 cents per caput for two shifts, or $1.60 per day. I have no hesitancy in saying that on direct labor in the smelting process alone the French have an easy advantage of at least 1 cent per pound.

The French also have a natural advantage of contiguity of bauxite and water power, so that the transportation item is practically altogether eliminated in their costs. To make 1 ton of aluminum the Aluminum Co. of America is compelled to transport 6 tons of bauxite from Arkansas to East St. Louis, a distance of over 500 miles, at the rate of $2 per ton, and then to transport 2 tons of alumina from East St. Louis either to Niagara Falls or Massena—an average distance of about 1,000 miles. The rate to Niagara Falls is 12½ cents, and the rate to Massena is 17½ cents per hundred, so that the average is 15 cents per hundred, or $3 per ton, making a total freight charge of $18 per ton of aluminum, or nine-tenths of a cent per pound, to get the bauxite to the water power. It will thus be seen that out of a protection of 2 cents per pound one-half of it is exhausted at once in overcoming this natural French advantage in the matter of transportation alone, and the entire duty of 2 cents per pound is absorbed in the two items of transportation and labor in smelting before the aluminum reaches the refinery.

I have compared the United States with France, because the principal exports of aluminum to the United States come from France. About one-half of the aluminum made in Europe is made in that country, and the home consumption of France is only about one-third of the capacity of its aluminum plants. But other countries besides France are practically as well located. Large and cheap water powers are available on the coast of Norway, and good water powers are to be had in Italy and Switzerland; and inasmuch as the French bauxite is on the seacoast, transportation of bauxite to Norway and Italy is a trivial proposition.

In addition to this, French bauxite is obtained from an enormous mountain of that material carrying a percentage from 63 to 65 per cent of bauxite, while the American deposits are contained in pockets, rendering the mining very much more expensive, and when obtained the percentage of bauxite runs only about 53 or 54 per cent. This difference in the quality of the ore, or rather in the quantity of bauxite per ton of ore, assumes great significance when you consider that it requires just as much heat and just as much labor to smelt a ton of the inferior material as is necessary in the reduction of the richer ores of France.

Taking into consideration all the advantages enjoyed by the French manufacturer—smaller investment, superiority of bauxite, saving in transportation charges, cheaper and better water power, and cheaper labor—I am convinced that he can produce aluminum ingots at a cost at least 4 cents a pound less than the most favored American plant. To lay any lower duty on the article will be an injustice not only to the American manufacturer but to the 7,000 workmen who depend on this industry for their bread, and it will be an absolute embargo against any future competition on this side of the ocean. To place it on the free list would be a crime against the revenues of the United States.

Mr. KENYON. Mr. President, I do not wish to take much of the time of the Senate, but I do wish to reply to one or two of the things said by the distinguished Senator from Pennsylvania [Mr. OLIVER], who certainly has illuminated this subject very much.

The Senator complains that I presented the case against the Aluminum Co. of America as a prosecutor, or with the zeal of a prosecutor. Possibly that is one of my faults, Mr. President—that I am overzealous in a cause in which I believe. But if I presented it with the zeal of a prosecutor, he certainly has presented the other side of it with the zeal of a counsel for the defense.

I did not intend to say any unfair things about the Aluminum Co. of America. I had to go to the record for my facts. There may be some mistakes in some of those purported facts. I had nowhere else to go. I did not enjoy a confidential relationship with the officers of the Aluminum Co. of America. I was not on any boards of directors with them. I could get my information nowhere else. Even after all his speech, and the array of figures he has so splendidly arranged, I still reiterate what I said before, that the facts and quotations in my speech are substantially correct.

Mr. President, it is unfortunate for the Aluminum Co. of America that they could not be represented in court by the distinguished Senator from Pennsylvania as they have been represented here and before a committee of the Senate and a committee of the House; because although they agreed there, and it was found in the decree that they were a substantial monopoly, the distinguished Senator from Pennsylvania has showed that that is not true, evidencing a far better knowledge of the affairs of the Aluminum Co. of America than the aluminum company itself and its attorneys.

Mr. OLIVER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. KENYON. I do.

Mr. OLIVER. I rather think the Senator will concede that I have proved that they are not a monopoly, as far as the sale of this product is concerned.

Mr. KENYON. No; I will not concede it at all. But I do say that if the Senator had appeared in court, representing these people, as he appears here and makes this argument, he might have secured a different kind of decree. It is amazing to me that high-priced lawyers, able in their particular line, should ever consent to this decree if they had all the knowledge the Senator from Pennsylvania seems to have about it.

He says this is a weak bill in equity; that the Government did not have the facts; that the Government had no case; that the contracts terminated before the suit was brought. Mr. President, it is amazing that if the Government had no case, and if the allegations of their petition were not true, the counsel for this company conceded, according to the recital of the court in the decree, that they were a monopoly. I could not go any further than that. I thought that was sufficient. Yet the distinguished Senator criticizes me for saying that the Aluminum Co. of America had this monopoly.

Mr. OLIVER. Mr. President, if the Senator will allow me, I do not think that anywhere in my speech I criticized the Senator for saying that. I can not recollect it; and if I did, I withdraw it, because I acknowledge myself that it is a monopoly.

Mr. KENYON. The Senator criticized me for so many things that possibly I was wrong about that. Inasmuch as the Senator acknowledges that the Aluminum Co. of America is a monopoly, there is no use in referring to the decree.

Mr. President, I introduced this amendment in the best of faith, because I believed in the principle it represents. I did not know anything in particular about the affairs of the Aluminum Co. of America. It was not to strike at them at all, but it was as an illustration of the principle for which I have contended—that where goods are the subject of a monopoly or trust control the tariff ought to be taken off.

The Democratic Party has favored that doctrine. The distinguished Senator from Indiana [Mr. KERN], who honors his State and the Senate by his presence, was a candidate for Vice President upon a platform declaring for exactly that proposition. Fifteen or sixteen years ago in my State that was placed in our Republican platform.

That is what I had in mind. I did not mean to strike at the friends or the pets of the Senator from Pennsylvania at all. It was simply a fair illustration of the proposition——

Mr. OLIVER. Mr. President, I think I ought to protest against such language.

Mr. KENYON. I will withdraw anything that the Senator protests against.

Mr. OLIVER. I think it would be well for the Senator to do so.

Mr. KENYON. I sat here and listened to the Senator's criticisms and arraignments of me for putting in letters and deceiving the Senate, and I did not raise any particular objection; but I withdraw the statement if he desires.

Mr. OLIVER. I accused the Senator of nothing that he did not do; and I do not think it is in order for a Senator to come in here, when another Senator stands on the floor defending his constituents, to talk about their being his "pets," and using language of that sort.

Mr. KENYON. I think probably that language should not be used, and I will withdraw it. But the Senator went before a committee of Congress and presented the cause of these people when they were seeking to get power sites on the St. Lawrence River.

Mr. OLIVER. Mr. President, I went before the Commerce Committee of the United States Senate, of which I was a member, to introduce the representatives of this company. I have no recollection of ever having gone before a committee of the House, although just now I will not say that I did not do so; but I rather think I never went before any committee except the Committee on Commerce. However, I had a perfect right to do both, and I will do it again if occasion arises.

Mr. KENYON. I do not doubt the Senator will.

Mr. President, there was not any particular reason that I could see for the Senator from Pennsylvania to become so excited over this proposition. Something was said here the other day by the distinguished Senator from Kansas [Mr. BRISTOW] that had better be borne in mind by the Senate. He said that out upon the stump we talk about doing something against the trusts and combinations, and then when we come here we seem to forget it. We do talk in that way as candidates for Congress and for the Senate; and then when we get here, somehow or other it seems impossible to get anything done with relation to the trusts.

I know that possibly I am subject to criticism for being overzealous on this question; but we raise constitutional objections, we think of something else that is better to be done, and so on. The distinguished Senator from Nebraska [Mr. HITCHCOCK] a few days ago had a proposition that commanded large support on this side, but received no support on the other side except his own vote. I have reached a point in my mental calculations—and I may be all wrong—where it is a conviction with me that the trust problem is more important than anything else; and if it can be hit in any reasonable way I am willing to try it and to follow it out.

Mr. GALLINGER. Mr. President——

The PRESIDING OFFICER (Mr. PITTMAN in the chair). Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. KENYON. With pleasure.

Mr. GALLINGER. There is one phase of the trust problem that has troubled me all along. I have no sympathy with trusts and combinations; but is it not rather remarkable that we should be legislating in an extreme way against an American trust while we are permitting the importation of goods into our country from foreign trusts?

Mr. KENYON. Of course we can not stop a foreign trust. A number of foreign countries view the trust question very differently from the way in which we view it. They encourage trusts and believe in trusts.

Mr. GALLINGER. To make it more specific, suppose there is an aluminum trust in England—I do not know whether there is one or not. We legislate against a similar combination in this country, but the product of the British trust is poured into our market without any import duty being placed upon it. Is that quite fair?

Mr. KENYON. If that argument is good, I suppose we can not do anything with trusts in this country.

Mr. GALLINGER. I am not so sure about that.

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Connecticut?

Mr. KENYON. I do; but I do not want to start this whole trust question. We have argued it here for a number of days. I simply want to close with one observation. I yield to the Senator from Connecticut, however.

Mr. BRANDEGEE. I do not want to start the trust question either, but the Senator is discussing it, and this occurred to me: The Senator is proposing a remedy, as I understand, to be applied where a product in this country is controlled by a trust. If it is controlled by a trust, and if that trust is competing with a foreign trust, what good does it do to take off the duty on the product?

Mr. KENYON. That question was asked here the other day. It is a very pertinent question.

Mr. BRANDEGEE. I did not hear the answer. What benefit is it to the consumer, or how does it operate to help anybody, to take the duty off a product in which the foreign trust is competing with the domestic trust?

Mr. KENYON. Here is a situation, in this very instance, where fabricators of aluminum wares are compelled to go to the Aluminum Co. of America to get their aluminum. That company controls it. If the fabricators can not get it from the Aluminum Co. of America—and they have subsidiary companies, and may not be willing to sell to them—they have to go abroad and buy it. Then they have to pay the manufacturer's price abroad and whatever additional the tariff may be. In that particular instance it would be a help. In many instances it would be no help at all.

Mr. BRANDEGEE. Shall we leave our people absolutely in the hands of the foreign trust and then let them raise the price to wherever they please?

Mr. KENYON. Oh, we do not do that.

Mr. BRANDEGEE. I am not saying that we do. I say that where a product——

Mr. KENYON. The Senator is putting a good many "ifs" in it.

Mr. BRANDEGEE. I am putting only one "if" in it. I am saying that if a product is controlled by a trust in this country which is competing with a trust which controls the product in a foreign country, what remedy would it be to us to put the article upon the free list so that we can freely import it from the foreign trust?

Mr. KENYON. I have said before, in answer to that question—which, of course, the Senator assumes is a very conclusive question—that there is a moral side to this question. I have said that where men have built up monopolies behind tariff duties in this country—and I do not suppose the Senator will agree with me that tariff duties are conducive in any way to monopoly—they ought not to be permitted to enjoy that protection, whatever it may be, where they have entered into these illegal organizations.

Mr. BRANDEGEE. Whatever the moral question may be, if the foreign trusts are encouraged by their Governments and our trusts are discouraged by this Government and put out of business and the business turned over to the foreign trusts, it seems to me the moral question will rapidly become a practical question in this country as to whether we are going to produce anything in this country, or go humbly to the foreigner and pay whatever price his foreign trust, backed by the Government, wants to exact.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. KENYON. Yes.

Mr. NORRIS. On that question I think the Senator from Connecticut assumes what may or may not be true; that is, that if we put the product on the free list the American trust will necessarily have to go out of business. If that were true, we would perhaps be subject to the foreign trust. If that were not true, they might still remain in business. The usual reason why a trust controlling an article in Europe and a trust controlling the same article here can both make so much money is because of an agreement between them to divide up the world's territory.

Mr. BRANDEGEE. What I am assuming is nothing except that the foreign trust, the foreign company, the foreign producer is able to produce its product cheaper than the domestic producer, because if it is not it will not get into this market.

Mr. KENYON. Why does the home trust want any protective tariff on the product, then?

Mr. BRANDEGEE. I am not saying whether that is so or not. I am simply saying that if a corporation in this country is competing with a corporation in another country, and each one practically controls the product in its respective country, I wonder how effective a remedy it will be to put the one in this country out of business, if it can be put out of business by its foreign competitor, which can produce cheaper.

The Senator says there are several "ifs" there, which both he and I have introduced into this discussion. I agree with him that there are two "ifs" now. I introduced one and he introduced another. But I have simply assumed—and I have not heard it denied by anybody—that the cost of production is lower abroad in the case of most of these competitive products. If it is not, I do not see how the public is to be benefited in the line of a cheaper cost of living by putting these products on the free list.

Mr. KENYON. I am not going into any discussion on that point. I went into it the other day, and I have taken enough time on it. I only want to say that in the Democratic platform in 1912 our Democratic friends said:

> Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.
>
> * * * * * * *
>
> We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules and the farmers' free-list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Senator from Pennsylvania has conceeded that this is a monopoly; the courts have held that it is a monopoly; and consequently under the Democratic platform it ought to be put on the free list.

Mr. OLIVER. I conceded it was a monopoly, Mr. President, in the sense that when one manufacturer makes everything of a certain article that is made in the country he must necessarily have a monopoly of its manufacture. But I never conceded that it was anything in the nature of what is termed a trust. Its monopoly arose not as intimated by the Senator under the protection of the tariff. It arose under the protection of the patent laws of the United States. That is what gave it its start and what gave it a large part of its accumulated profits. Since 1909 it has had a monopoly in the manufacture solely because nobody ever started to manufacture in competition with it, but one great reason why nobody ever started to manufacture in competition with it is because it was already having a strong competition with foreign manufacturers.

Mr. KENYON. As it has developed in the article the Senator put in the RECORD that this aluminum producer has now become very powerful and very strong in two of the Southern States, that may account for the fact that the protective tariff is retained on it at this time.

Mr. WALSH. Mr. President, as the consideration of this matter has led us back to the amendment offered by the distinguished Senator from Iowa a short time ago, I desire to submit some observations in relation to that amendment.

I will take occasion to say that I have the deepest sympathy with the end which the esteemed Senator seeks to accomplish through this amendment. To indicate how fully I enter into the spirit of it, I have myself studiously endeavored to frame an amendment intended to effect exactly the same purpose and along the lines attempted by the Senator. I simply desire to give him the benefit of the reflections that occurred to me in connection with the matter and to refer to some of the obstacles, seemingly insurmountable, which I encountered in an attempt to make a general provision covering these cases.

In the first place, Mr. President, the amendment proposes to put upon the free list every commodity adjudged by a court to be controlled by a combination in violation of the Sherman antitrust act. Section 1 of that act provides that—

> Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several States or with foreign nations is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by fine, etc.

As in the act hereto.

Section 2 provides that—

> Every person who shall monopolize or attempt to monopolize or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several States or with foreign nations shall be deemed guilty of a misdemeanor, etc.

As in the act hereto.

The amendment proposed by the Senator from Iowa provides that—

> Whenever it shall be found by a court of competent jurisdiction, either Federal or State, and said finding is unchallenged either by appeal or writ of error, or if challenged and said decision is sustained by the court of last resort, either Federal or State, that any article or commodity upon which a duty is levied under this act is under the control of a monopoly or combination formed or operating in violation of the act of July 2, 1890, or substantially under such control, no further duty shall be levied or collected on such article or commodity, and the same shall therefore be admitted free of duty.

The difficulty about the matter is, Mr. President, that the court makes no such adjudication in any action prosecuted under the provisions of the Sherman Antitrust Act. Whether a monopoly actually exists or not, whether it controls in whole or in part the output of a certain commodity or not is a mere matter of evidence to establish whether the illegal combination condemned by section 1 exists or the monopolization referred to in section 2 has taken place.

To illustrate the point more clearly, I refer to the fact that before I came to the Senate I was engaged in the prosecution of a combination for the violation of this act, and I sought to have it adjudged to be a combination in contravention of the law, though I hoped to establish that it controlled no more than 25 per cent of the commodity in which it dealt. Under the decisions I felt perfectly confident that if the other conditions existed a decree would be awarded.

The fact is, Mr. President, that in no one of the cases in which it has been adjudged that a combination does exist contrary to the provision of the act, at least in none of those which have gone to the Supreme Court, has there been a complete control in the hands of the offending corporation. In the work entitled "Concentration and Control," by President Van Hise, of the University of Wisconsin, published a year or so ago, he speaks of the various combinations and generally of the proportion of the product in which they deal controlled by them.

He starts with the Standard Oil and states, at page 104, that—

> The Standard Oil Co., with its various affiliated concerns, handled 84.2 per cent of the crude oil which goes to the refineries in the United States. One refinery, that at Bayonne, N. J., consumed more crude oil than all of the independent plants of the country.

So, even in the case of the Standard Oil Co., it will be observed that other companies, not known at least to be associated with it in any way, handled 15.8 per cent of the entire product. That is a case where the product is practically under the control of this company, and it undoubtedly regulates the price. I speak of it, however, to show that even that company would not be found to be in entire control of the commodity.

Now, take the case of the steel company, which is to-day being prosecuted by the Government as being in existence in violation of this act. At page 119 this author tells us that independent companies control the following percentages:

	Per cent.
Pig iron, spiegel, and ferro	56.6
Steel ingots and castings	45.7
Rails	41.1
Structural shapes	53
Plates and sheets of all kinds	50.3
Black plate produced in tin mills	47.1
Coated tin-mill products	38.9
Black and coated sheets produced in sheet mills	61.1
Wire rods	32.7
Wire nails	44.5
Wrought pipe and tubes	61.8
Seamless tubes	44.7

Yet under this amendment should the Government obtain a decree it will be absolutely necessary to subject every independent competitor of the United States Steel Trust to the competition which would result by putting all the products of that great combination upon the free list.

Take the American Tobacco Co. At page 140 the author tells us:

> This group of companies in 1909 controlled 92.7 per cent of the cigarette business of the country, 62 per cent of the plug tobacco, 59.2 per cent of the smoking tobacco, and in 1901, the first year it entered the snuff business, 80.2 per cent of the snuff. Later the American Tobacco Co. entered the cigar business, and by 1903 it had acquired about one-sixth of the cigar output of the United States.

So that while the American Tobacco Co., as recited in the decree of the Supreme Court of the United States, controls very largely this product, still there are independent competing companies. The principle of the amendment, I dare say, should hardly be applied with respect to tobacco. I venture to say that the distinguished Senator from Iowa himself would not seriously ask that all the importations of tobacco be put upon the free list in view of the adjudication of the Supreme Court of the United States in the Tobacco Trust case. I would like much to hear from him as to whether he believes that we ought to admit free of duty all tobacco from Cuba, from the Philippines, and from all foreign countries.

It was suggested in that connection, in the course of the discussion on this subject the other day, that a consumption tax might be placed upon tobacco. But, of course, a consumption tax operates upon the domestic product as well as on the imported product, and is levied upon all. The consumption tax is paid by the importer and by the independent producer as well.

Mr. SIMMONS. Does the Senator mean a consumption tax or a tax on production?

Mr. WALSH. A production tax would operate only on domestic products, and would leave the foreign importation to come in without any tax at all.

Mr. SIMMONS. I merely wanted to know that I understood the Senator correctly.

Mr. WALSH. I understood the Senator from Kansas [Mr. BRISTOW] to suggest the other day that the difficulty might be met by a consumption tax, tobacco going to the free list under the amendment. Of course, if a consumption tax were put upon the article, the domestic product would be upon the same footing with the imported product, unless you put a heavier tax upon imports than upon the domestic products, and then you would, in effect, have an import duty.

So, without detaining the Senate longer, I could go through the list——

Mr. KENYON rose.

Mr. WALSH. If the Senator will pardon me just a moment—I could go through the list and show you that in all these cases in which a combination has been adjudged to be a violation of the Sherman Antitrust Act a great wrong, as it seems to me, would, by the operation of the amendment, should it be adopted, be done to the independent competitors of the great trusts.

I had something further to say about this, but I would be very glad to answer the Senator.

Mr. KENYON. The Senator asked me a question about tobacco. I am not clear but that the Senator is right about that.

I wish to ask the Senator, Does he repudiate the Democratic platform in that respect?

Mr. WALSH. I was going to reach that in just a moment. I shall be very glad to give the Senator my views about the platform.

I was going on to say that one of these prosecutions was carried on against what was popularly known as the Whisky Trust. That there is a combination of the great distilleries in this country I apprehend no one will deny, and my own individual opinion about it is that it exists in violation of the act of 1890. Let us assume that the Government prosecutes successfully a suit against what is generally known as the Whisky Trust and it is adjudicated that it exists in violation of the act. Automatically, then, all the products of that great combination go upon the free list and whiskies are introduced in this country without any tax whatever. I apprehend very likely the Senator would not like to see that result ensue.

Now, I want to answer directly the question addressed to me by the distinguished Senator from Iowa. I was to no small extent responsible for the incorporation of the plank in the Democratic platform to which he alludes, and therefore I felt it my duty to endeavor honestly and earnestly, as I think the Senator from Iowa has done, to give it expression in the legislation that is now under consideration before this body. I attempted to frame an amendment that would commend itself to my own conscience and my own judgment and along the very lines that the Senator from Iowa is traveling, and I have reached the conclusion, Mr. President, that it is impossible to arrive at a correct solution of this matter by any general declaration in relation to the subject, or any general provision, and that that plank in the platform is to be carried out and can be carried out only by having in mind its principles in framing the free list.

For instance, it was adjudicated in the case of the United States *v.* The Standard Oil Co. (121 U. S., 1) that the Standard Oil Co., largely in control of the production of petroleum in this country, is a combination in violation of the act, and we have put petroleum on the free list.

It was adjudicated in the case of the United States *v.* Swift & Co. (196 U. S., 375)——

Mr. SIMMONS. In connection with what the Senator has said about the Standard Oil Co. I will say that the Standard Oil Co. is also producing asphalt, and we have put asphalt on the free list.

Mr. WALSH. It was adjudicated in United States *v.* Swift & Co. (196 U. S., 375) that the Beef Trust was a combination in violation of this act, and all meats are by this very bill put upon the free list.

It was adjudicated in United States *v.* The Addystone Pipe Co. (175 U. S., 211) that that organization, engaged in the manufacture of cast-iron pipe, was a combination in restraint of trade, and we have put its principal product upon the free list.

In the case of Nelson *v.* The United States (201 U. S., 92) was presented for consideration the operations of the Paper Trust and whether it was a combination in violation of this act, and we have put print paper upon the free list.

So likewise lumber is upon the free list, a combination engaged in the production and sale of lumber being charged with being a combination in violation of the act.

A prosecution is now being carried on by the Government, as my understanding is, against the American Sugar Refining Co., alleging that it is a trust and that it controls in large part the sugar that is sold to the American people. Let me assume that that prosecution is successfully carried on and it is so adjudged by the court. The amendment offered by the Senator from Iowa, I recall, had the earnest support of the esteemed Senator from Kansas [Mr. BRISTOW], who I see sitting near him at the present time. I apprehend if that prosecution is carried on successfully and sugar automatically, under this amendment, goes upon the free list, it would not meet the entire approval of the esteemed Senator from Kansas, who has been earnest and persistent in his efforts to get the duty upon sugar reduced, but still to keep it at a figure which he thinks it ought to bear, about $1 a hundredweight.

Mr. BRISTOW. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Kansas?

Mr. WALSH. I yield.

Mr. BRISTOW. I wish to say that to put sugar upon the free list is in the interest of the trust concerning which the Senator is now speaking, and I am not going to cast any vote in the interest of that organization, if I know it.

Mr. WALSH. Exactly; and that is the situation which I desire to present to the distinguished Senator from Kansas. He assumes, and I agree with him to a very great extent, that to put sugar on the free list would be to the interest of the American Sugar Refining Co. as to its refining business. In fact, I apprehend that proposition can not be disputed by anybody; and yet if the amendment offered by the Senator from Iowa means anything, it means that just as soon as a favorable decree is arrived at in that suit automatically that commodity must go to the free list.

So, Mr. President, I submit that the only possible way in which you can carry out the spirit of the amendment offered by the esteemed Senator from Iowa—the plank in the Democratic platform and the plank to which he alludes in the Republican platform of his State adopted many years ago—is to pick out these various commodities that are controlled entirely or largely by the trust, to single them out and throw them into the free list, wherever greater evils will not be the result. I am satisfied that you can not reach the end in the other way.

I have not yet listened to any debate upon this floor in which it has been asserted that any particular commodity found upon the dutiable list is entirely or very largely in the control of a trust except aluminum, the free listing of which is urged by the esteemed Senator from Iowa. That presents a peculiar condition, inasmuch as the product—at least such I understand is the contention of the Senator from Iowa—seems to be controlled abroad as well as here by one and the same trust. To put it on the free list would seem to me to be in the interest of a foreign trust. Thus, although possibly the language of the platform is violated in that instance, there is no violation whatever of the spirit of it by getting whatever revenue will be derived from a duty upon that product.

I am desirous of being helpful to the Senator from Iowa in the solution of this question, and if it is possible to frame a general amendment to this bill which will accomplish the result at which he is striving, overcoming these difficulties to which I have thus briefly alluded, I assure him that he shall have my cooperation in any effort he may make to have it adopted as a part of this act.

Mr. McCUMBER. Mr. President, I waited with considerable interest to see whether the Senator from Montana [Mr. WALSH] would suggest a single instance in which taking the tariff off of a trust-made product would not also take it off of some of the same kind of products produced by those who are independent of a trust, and until he gives us one or two instances of that kind I will assume that it is impossible to apply that particular provision of the Democratic platform. But it seems to me, Mr. President, that where he has attempted to apply it in these so-called trust-produced articles he has applied it without discrimination to those who would be least able to bear it. There may be a meat trust that would justify putting meat upon the free list. However, I think the Senator will find that in the neighborhood of 60 per cent of the meat produced is entirely outside of any trust. Therefore, if he is taking off the tariff on meat because of a meat trust he is affecting 60 per cent of the business that is not interested in any degree in it.

I also find no instance in which there has been a trust in the production of cattle in the United States, and yet I find that we have placed cattle upon the free list. I have looked in vain to find an egg trust, or a poultry trust, or a wheat-producing trust, or a potato trust, and yet these articles that are produced by so many of the people in the United States, amounting to 33,000,000, who are interested in their production, are all placed upon the free list irrespective of the matter of trust and when, as a matter of fact, they are almost the cheapest things produced in the United States.

Mr. SIMMONS. Mr. President, the Democratic Party in the United States Senate and in Congress has not been oblivious to the declaration of the Democratic Party in its national platform that trust-controlled products should be put upon the free list; but we have not thought that that meant that we should pass a general statute in the language of the platform declaring that trust-controlled products should go upon the free list. We have interpreted that declaration to mean that when we come to deal with the tariff, which places articles upon the dutiable list or upon the free list, we should carry out the Democratic declaration as far as possible in favor of putting articles that are controlled by a trust on the free list. The committee of this body having charge of that matter, and I think the committee of the House having charge of that matter, have tried, in framing this tariff bill, to carry out that declaration of the Democratic Party.

Of course, as the Senator from Montana [Mr. WALSH] has said, there are circumstances under which it is practically impossible, without doing the greatest injustice, to put a product which is in part under the control of a monopoly upon the free list. In addition to that, of course, we have to consider the revenues of the Government. But wherever in the framing of this bill we have found that an article was controlled by a trust we have put that article upon the free list unless there

were some compelling reasons growing out of the circumstances of its manufacture and the fact that the Government had to have revenue, which intervened and made that impracticable or unwise.

The Democratic Party in its platform laid out a well-defined program of legislation. It declared in favor of a revision and a reform of the tariff, it declared in favor of a revision and a reform of our currency and financial legislation, and it declared against the continuance of combinations in restraint of trade. The Democratic Party has undertaken to carry out these platform pledges.

We have begun with the tariff. This special session was called for the purpose of carrying out our pledges with reference to the tariff. The tariff bill is before the Senate; we have been engaged in its consideration now for over five weeks; it will soon, I am sure, become the law of the land. When it becomes the law of the land, I think that it will be received as a fair interpretation of the pledges and promises of the Democratic Party with respect to that subject, and will meet the conditions which confront us.

Notwithstanding it involves sacrifices on the part of the individual Members of Congress, making it necessary for us to stay here during the whole summer, and probably during the whole fall and into the winter, we are preparing to carry out our pledge with reference to financial legislation. When we have finished that, Mr. President, the Democratic Party will take up the trust question.

We will enter upon that question and the question of the regulation of transportation rates and deal with the questions in a broad, comprehensive way—and we are now dealing with the question of the tariff, and as we will deal with the question of currency, in a broad, comprehensive way.

We do not wish to inject into the tariff bill now pending before the Senate the trust question or the railroad question. They should be dealt with separately. There is no more reason why we should inject the trust question or the railroad question into this tariff bill than that we should inject the financial question into it. All four of them are great questions. They can only be dealt with effectually as separate measures.

When we reject an amendment to this bill dealing with the trust question, it does not mean we are opposed to the principle of the question. When we reject an amendment dealing with the railroad transportation question, it does not mean that we are opposed to that. When we reject an amendment to this bill dealing with the currency question, it does not mean we oppose that provision; but it means we do not propose to deal with these different questions in this particular bill, and that we desire, as far as possible, to confine this bill to matters pertaining to the tariff.

The Democratic Party will carry out the pledges of its platform, but it will do it in an orderly way. It will not attempt in one bill to cover the whole field of promised reform. It will deal with the questions separately and effectually, and when we are finished the country will be satisfied that we have done the best we can to carry out our pledges to the people with respect to all great questions embraced in our platform declaration.

Mr. President, I presume the matter before the Senate is the amendment of the Senator from Iowa [Mr. KENYON] with reference to aluminum.

Mr. KENYON. Yes; that is it.

Mr. SHIVELY. Mr. President, the subject under immediate consideration is paragraph 145. The question is, What rates, if any, shall be placed on aluminum? The present law fixes 7 cents a pound on ingot aluminum and 11 cents a pound on aluminum in sheets, plates, strips, and rods. The junior Senator from Pennsylvania [Mr. OLIVER] manifestly believes these rates should be maintained. The senior Senator from Iowa [Mr. CUMMINS] has offered a series of amendments to the metal schedule, in which he fixes 6 cents a pound on aluminum in ingots and 9 cents a pound on aluminum in sheets, plates, strips, and rods. The bill as it came from the House fixed a flat ad valorem rate of 25 per cent, which, at present prices, is equal to about 4 cents a pound on ingot and between 6 and 7 cents a pound on the further advanced forms of the metal. The Finance Committee has reported an amendment fixing the rates at 2 cents a pound on ingot and 3½ cents a pound on sheets, plates, bars, and rods. The rates prescribed by the senior Senator from Iowa are 200 per cent above and the amendment of the junior Senator from Iowa 100 per cent below the rates submitted by the committee.

Now, Mr. President, in all this contest and confusion as to what the rates should be the issue is far less one of fact than of policy. There is no wide disagreement as to the facts. Aluminum has taken its place beside iron and steel as one of the great metals of civilization. It has become an indispensable in many industries and a highly desirable material in many others. There is no substance in what has been said about overproduction. The use of aluminum is limited only by limitations on its supply. Nothing can prevent the multiplication of its uses save difficulty and uncertainty as to supply. If American industries can be assured of reliability and steadiness of supply, there is practically no limit on the demand.

What are the conditions of supply? To this time there has been, and now is, just one producer of aluminum in the United States. Projects for production of the metal are being carried forward in North Carolina which, it is alleged, will create competition and increase production. Whether the new project means real competition remains to be seen. But down to 1909 the Aluminum Co. of America had complete control of production in this country by virtue of the Hall patent. About the time that the Hall patent was issued a Frenchman named Herroult discovered and applied the same process of separation of the aluminum from the bauxite, or clay, in which it is found, and production of the metal went forward contemporaneously and by the same process in Europe and the United States. It follows that while, by virtue of its patent, the Aluminum Co. of America had exclusive control of production within this country nothing but the tariff or other artificial influences could put that company in exclusive control of the domestic market.

That under the protective rates in the acts of 1897 and 1909 the Aluminum Co. of America attempted to build up and maintain monopolistic control of the market there can be no well-founded doubt.

Mr. OLIVER. Mr. President, if the Senator from Indiana will allow me, I should like the Senator to give some specifications on that charge.

Mr. SHIVELY. I shall furnish the Senator with specifications, though it is not my purpose to dwell at length on the voluminous and incontestable evidence before us. The Aluminum Co. of America went into court. It filed its answer. Then it permitted a decree to be taken against it.

Mr. SMITH of Arizona. The Senator from Indiana says this company went into court. Does he mean that they voluntarily went into court, or that they were carried there by the Government itself by a suit brought against the company?

Mr. SHIVELY. The Government brought its suit in the western district of Pennsylvania, making the Aluminum Co. of America party defendant. In its complaint the Government set out copies of a series of written agreements and charged a series of acts, all in violation of the antitrust act of 1890. The company filed its answer, denying the allegations of the complaint. Then it went into court, and without awaiting the presentation of evidence on the merits, consented to a decree nullifying the agreements and prohibiting the acts of which the Government complained. These agreements and these acts were all in interruption and restraint of the supply of aluminum to the industries in this country dependent in whole or in part on this metal.

The junior Senator from Pennsylvania inquires for evidence in support of the charge of effort on the part of this company at monopolistic control. Not long prior to the expiration of its patent the Aluminum Co. of America organized the Northern Aluminum Co. under Canadian law and established a plant on the Canadian side of the St. Lawrence River. The Aluminum Co. of America then owned and now owns every dollar's worth of stock of the Northern Aluminum Co. For all the purposes of market control the latter was and is a part of the former. The president of the Aluminum Co. of America then went to London and negotiated the agreements between the Northern Aluminum Co. and the European producers of aluminum. This was to resolve the producers of the whole world into a single organization.

Mr. OLIVER. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Pennsylvania?

Mr. SHIVELY. I do.

Mr. OLIVER. The Senator knows very well that all of those agreements related to business and sales outside of the United States of America. Those agreements were not only submitted and unfolded to the Committee on Ways and Means, but they were submitted to the Department of Justice of the United States. They not only related solely to business outside of the United States, but business in the United States is expressly excepted; and, if the Senator is not aware of the fact, I can inform him that it is to-day and always has been subject to the freest and most open competition, and the record shows that fact. The Northern Aluminum Co., the Canadian company, entered into those agreements because that is the way in which business is transacted in other countries, and the only way.

Mr. SHIVELY. The Senator went over all that ground in his speech this afternoon. The idea that all these pains should be

taken by the Aluminum Co. of America, a corporation organized under the laws of Pennsylvania, to draw all outside producers of aluminum into an organization without reference to control of or influence on the price of aluminum in the United States is strangely novel. The market in the United States had a protection of 7 cents and 11 cents a pound. Arthur V. Davis, of Pittsburgh, Pa., was then and is now the president of the Aluminum Co. of America. He projected and supervised the organization of the Northern Aluminum Co. of Canada. Having completed that organization, he went to London and negotiated the agreements with the European producers of aluminum. Mr. Davis appeared before the Committee on Ways and Means of the House last January in support of the rates on aluminum in the present law.

On page 1502 of the hearings before that committee occurs the colloquy on this point between Mr. Davis and Representative PALMER, as follows:

Mr. PALMER. What companies are connected with your Canadian company in a contract? Where do they operate?
Mr. DAVIS. There is a company in Italy, a Swiss company, with plants in Switzerland, Germany, and Austria; two companies, I think, in Norway; some five or six companies in France; two companies in England; and another company in Switzerland independent of the one first spoken of. I think that is all.
Mr. PALMER. That comprises about all the aluminum manufacturers on the Continent?
Mr. DAVIS. Yes, sir; all aluminum manufacturers on the Continent.
Mr. PALMER. Then your Canadian company has a contract with all of the aluminum manufacturers?
Mr. DAVIS. Yes, sir.
Mr. PALMER. Which contract regulates the prices?
Mr. DAVIS. Yes, sir.
Mr. PALMER. What is the price in Canada to-day?
Mr. DAVIS. The price in Canada to-day?
Mr. PALMER. Yes. Is it the same as it is here?
Mr. DAVIS. Yes; the same as it is in England or Italy. Just now it is abnormally high. It has averaged about 12 or 14 cents until just within the last two or three months.
Mr. PALMER. Is there real competition abroad between these various companies which you have mentioned?
Mr. DAVIS. There has been.
Mr. PALMER. Is there now?
Mr. DAVIS. Not now; no, sir.
Mr. PALMER. Why not?
Mr. DAVIS. On account of this contract that I speak of.
Mr. PALMER. Well, I mean in the foreign market is there real competition?
Mr. DAVIS. This contract covers the foreign market.
Mr. PALMER. As well as the Canadian market?
Mr. DAVIS. Yes, sir.

Now, mark the fact that these agreements were negotiated by the Northern Aluminum Co., which is a subsidiary and factotum of the Aluminum Co. of America, and that the agreements were made and perfected by the president of the latter company. Are we asked to believe that all this was done without the intention and effect of influencing the price of aluminum to American consumers? The world price of aluminum has advanced since that time. In the agreements was an assignment of territory to the world's producers. In the agreements it is expressly provided that "the sales in the United States of America are understood to be expressly reserved to the Aluminum Co. of America," and then to assure the European parties to the contract of assignment of territory and distribution of product, of full compliance with its terms, the agreement further says that "the Northern Aluminum Co. engages that the Aluminum Co. of America will respect the agreements hereby laid upon the Northern Aluminum Co."

Of course, these agreements looked to a world control. No other inducement could exist for making them. And whatever rise ensued in the world's markets it will be found on a study of foreign and domestic prices that the Aluminum Co. of America through all the years substantially has absorbed the duty on aluminum in a correspondingly advanced price to the consumers of this country. Not only did the agreements result in increase of prices abroad, but that increase is also absorbed in the domestic price plus what protective rates our tariff assures to the domestic producing monopoly at home. The artificial contrivances with foreign producers only aggravated the exactions from domestic consumers.

The question, therefore, presents an industrial side as well as a revenue side. What claim has the protectionist for the maintenance of the present rates? That which is to-day the Aluminum Co. of America started as the Pittsburgh Reduction Co., with a capital of $20,000. This capitalization was subsequently increased to $1,000,000, and then to $1,600,000, and thereafter to $3,800,000, on which capitalization a stock dividend of $20,000,000, or over 500 per cent, was declared. This was in December, 1909, and in 1912 its surplus again amounted to over $12,000,000. All this was in addition to whatever of cash dividends had been distributed through the years of its operation. Allowing nothing for these cash dividends we have capital and surplus of over $35,000,000 on an original investment which, after including several hundred thousand dollars for the patent, amounted, on Mr. Davis's statement at the House hearings, to a sum not exceeding $1,810,000.

Down to 1909 the Aluminum Co. of America had produced about 160,000,000 pounds of the metal. That $20,000,000 of stock dividend represented a profit of 13½ cents per pound on its total production. Doubtless much of the product of this company is carried forward by its subsidiary companies into sheets, plates, bars, rods, castings, cooking utensils, novelty articles, and other fabrications of aluminum. But it all eventuates in the profits realized by the parent company.

The facts on which these conclusions are based are not drawn from sources unfriendly to this company. Without exception, they come from the written agreements entered into by the company through its subsidiary and the voluntary statements of the president of the company. Viewed from the industrial side, the undisputed and indisputable facts leave no excuse, even from the standpoint of the protectionist, for the rates in the existing law.

At this point is projected into this debate the proposition to place all articles on the free list which by a court of competent jurisdiction are found to be the subjects of trust control. The weakness of this proposition is that when the court so finds it becomes the duty of the court to dissolve the trust agreements and annul the devices by which competition has been strangled and thus reestablish competition in the market. If the decree of the court is effective, the import duty would continue as long as the monopoly continues and end only when competition is established.

In the execution of Democratic platform pledges the pending bill places on the free list a long series of articles which common observation shows to be the subjects of artificial manipulation, and this is done without reference to judicial action in relation to them. The special cases of judicial decree, or cases in process of litigation, were enumerated a few moments ago by the junior Senator from Montana [Mr. WALSH] in his statement with admirable clearness and conciseness. In a majority of these cases it is palpable that the duties produce no revenue and that the rates are employed only to establish and maintain artificial prices at home, while selling the like domestic product at lower and competitive prices abroad. The pending measure makes intelligent application of the free list as a corrective of restraints on trade as far as the principle is capable of effective operation.

It will serve no good purpose to unduly magnify the free list as a factor in the eradication of trusts. Legislation on the tariff can broaden the field of competition and thus nullify the domestic arrangements for market control. But each case is dependent on its own facts. If the control be international, the case is exceptional and calls for action in a situation where the tariff may be without influence. Regrating, forestalling, engrossing, and monopolizing are not new things. They were denounced at common law and punished as crimes two centuries ago. The devices of to-day to strangle competition and exploit society are only varying forms of these old offenses against the law. There is not an American lawyer but who knows, or certainly should know, that when he assists clients to perfect their schemes to strangle competition he is acting in the teeth of the letter and spirit of the common law and in the teeth of the plain spirit, if not the express letter, of the antitrust act of 1890.

If the act of 1890 confers the necessary power to make its decree efficacious to destroy the evil, and the power is employed, that is sufficient. If the power conferred and the duty enjoined by the act are so used that the trust or monopoly avoids, evades, flouts, and treats with contempt the decrees of the court, then manifestly a solemn duty is imposed on the Department of Justice and the court to take appropriate action to enforce respect for the decrees of the court and compel correction of the wrongs which the act denounces and prohibits. If the act of 1890 is inadequate to meet any case that has arisen or that may arise, then the duty is on Congress to enlarge, supplement, and reenforce the act of 1890. If the act of 1890 is sufficient, enforce it. If it is not sufficient, reenforce it by appropriate legislation.

Now, Mr. President and Senators, your committee reports in favor of an amendment fixing the rate at 2 cents and at 3½ cents a pound. These rates are reductions of 72 per cent on the rates in the present law. There have been importations of aluminum. Whatever may have been the effect of the decree of the court in the case against the Aluminum Co. of America, there was an importation for the fiscal year ended June 30, 1913, of approximately 28,000,000 pounds.

The demand for the metal is so great that the conspiracies among producers can not prevent its use. The Aluminum Co. of America is itself an importer. On the basis of last year's

importations the rates prescribed by the committee will yield a revenue to the Government of at least from $500,000 to $600,000. This is a consideration we are not authorized to overlook. At the same time we release the American consumers from the remorseless exactions and heartless vexations practiced on them under the present law.

The Senator from Pennsylvania refers to the Ford Automobile Co. and the cost of aluminum per machine. He points to the large capital and large profits of that company. The consumers of aluminum are not all Ford companies. These consumers include hundreds of modest manufacturers, to whom this metal is necessary and to whom the high prices and uncertain supply are positive hardships. The $20,000,000 of stock dividends were in large part contributions by these consumers under the compelling force of the present tariff law. These consumers ask no special privilege. They only ask that the taxing power of the Government shall not be used to bind them hand and foot in the market, while a favorite of the taxing power despoils them of their substance and puts to hazard their business. The rates prescribed are reductions of nearly three-fourths of the present rates. The rates proposed leave low revenue duties. Such rates are manifestly not destructive to the producer, are equitable to the consumer, and will contribute somewhat to meet the fiscal necessities of the Government. I trust the committee amendment may be adopted.

Mr. KENYON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Oliver	Smith, Ariz.
Bacon	Hollis	Overman	Smith, Ga.
Bankhead	Hughes	Page	Smith, S. C.
Borah	James	Penrose	Smoot
Bradley	Johnson	Pomerene	Stephenson
Brady	Jones	Ransdell	Sterling
Bristow	Kenyon	Reed	Stone
Catron	Kern	Robinson	Swanson
Chamberlain	Lane	Root	Thomas
Clark, Wyo.	Lewis	Saulsbury	Thompson
Colt	McCumber	Shafroth	Vardaman
Crawford	Martin, Va.	Sheppard	Walsh
Dillingham	Martine, N. J.	Shields	Warren
Fletcher	Myers	Shively	Williams
Gallinger	Norris	Simmons	Works

The VICE PRESIDENT. Sixty Senators have answered to the roll call. A quorum of the Senate is present.

The question is on the amendment proposed by the Senator from Iowa [Mr. KENYON] to the amendment of the committee in paragraph 145.

Mr. REED. I wish to say just a word on this matter before the vote is taken.

We are told that aluminum is controlled by a world monopoly. However that may be, a considerable amount has been imported into the United States, and upon that amount a revenue of some magnitude has been derived by the Government. If it be true that there is a world-wide monopoly in this product, and we were to take off the tariff entirely, we would put in the pockets of this monopoly just the amount of money it now, for some reason, pays to the Government, because it does import.

If I were convinced that this is an American monopoly and that there is possible a substantial competition from abroad, I should desire to vote to place aluminum upon the free list, because by doing so I should stimulate the competition between the foreign producer and the domestic monopoly; and just in proportion as that competition was stimulated the consumer in this country would obtain benefit. But it is charegd and not substantially denied—indeed, it is alleged by my very good friend, the author of the amendment—that the entire production, or substantially the entire production, is under the control of one great monopoly, having its headquarters in this country.

If that contention be sound and well taken, then every dollar of revenue we get at the customhouse is a tax levied upon the monopoly, and taking away that revenue seems to me to be in the interest of the monopoly, because it relieves it of that much taxation.

I desired to say that much before the vote should be taken.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 42, line 15, beginning with "Aluminum," strike out all down to the word "barium," on line 18, and insert: "That aluminum, aluminum scrap, aluminum in plates, sheets, bars, strips, and rods, shall be admitted to this country free of duty."

Mr. KENYON. I ask for the yeas and nays upon the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. McCUMBER (when his name was called). Announcing my pair with the senior Senator from Nevada [Mr. NEWLANDS], I withhold my vote.

Mr. REED (when his name was called). I transfer my pair with the senior Senator from Michigan [Mr. SMITH] to the senior Senator from Oklahoma [Mr. OWEN] and will vote. I vote "nay."

Mr. THOMAS (when his name was called). I make the same transfer as heretofore announced and will vote. I vote "nay."

The roll call was concluded.

Mr. CHILTON. I announce my pair as on former occasions, make the same transfer to the junior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. BRYAN. I have a pair with the junior Senator from Michigan [Mr. TOWNSEND], which I transfer to the senior Senator from Tennessee [Mr. LEA] and will vote. I vote "nay." I am requested to announce that the senior Senator from Tennessee [Mr. LEA] is necessarily absent.

Mr. SMOOT. I desire to announce that the senior Senator from Delaware [Mr. DU PONT] is detained from the Senate on account of illness.

Mr. SUTHERLAND. I inquire if the senior Senator from Arkansas [Mr. CLARKE] has voted?

The VICE PRESIDENT. He has not.

Mr. SUTHERLAND. I withhold my vote, owing to my pair with him.

Mr. SAULSBURY (after having voted in the negative). Has the junior Senator from Rhode Island [Mr. COLT] voted?

The VICE PRESIDENT. He has not.

Mr. SAULSBURY. Then I desire to withdraw my vote.

Mr. LEWIS. I desire to transfer my pair with the junior Senator from North Dakota [Mr. GRONNA] to the junior Senator from Virginia [Mr. SWANSON] and will vote. I vote "nay."

Mr. SWANSON entered the Chamber and voted.

Mr. LEWIS. I am compelled to announce that I will withdraw my vote, the junior Senator from Virginia [Mr. SWANSON], to whom I temporarily transferred my pair, having voted. I being in pair with the junior Senator from North Dakota, I should not have voted, and I wish to withdraw my vote.

The result was announced—yeas 12, nays 55, as follows:

YEAS—12.

Brady	Clapp	Kenyon	Poindexter
Bristow	Crawford	La Follette	Sterling
Catron	Jones	Norris	Works

NAYS—55.

Ashurst	Hughes	Perkins	Smoot
Bacon	James	Pomerene	Stephenson
Bankhead	Johnson	Ransdell	Stone
Bradley	Kern	Reed	Swanson
Brandegee	Lane	Robinson	Thomas
Bryan	Lodge	Root	Thompson
Chamberlain	Martin, Va.	Shafroth	Thornton
Chilton	Martine, N. J.	Sheppard	Tillman
Clark, Wyo.	Myers	Shields	Vardaman
Dillingham	Nelson	Shively	Walsh
Fletcher	Oliver	Simmons	Warren
Gallinger	Overman	Smith, Ariz.	Weeks
Hitchcock	Page	Smith, Ga.	Williams
Hollis	Penrose	Smith, S. C.	

NOT VOTING—28.

Borah	du Pont	Lewis	Pittman
Burleigh	Fall	Lippitt	Saulsbury
Burton	Goff	McCumber	Sherman
Clarke, Ark.	Gore	McLean	Smith, Md.
Colt	Gronna	Newlands	Smith, Mich.
Culberson	Jackson	O'Gorman	Sutherland
Cummins	Lea	Owen	Townsend

So Mr. KENYON's amendment was rejected.

Mr. STONE. The question is on the committee amendments now, is it not, Mr. President?

The VICE PRESIDENT. The committee amendments have been agreed to heretofore.

The SECRETARY. The next paragraphs passed over are on page 87, paragraphs 295 and 296.

Mr. STONE. I think they were disposed of, Mr. President.

Mr. WARREN. They were disposed of for the time being; yes.

Mr. STONE. The Senator desired to be heard on them, and was heard.

Mr. WARREN. Yes.

Mr. STONE. The amendments to those paragraphs have been agreed to.

The SECRETARY. The next paragraph passed over is on page 99, paragraph 332.

Mr. THOMAS. Mr. President, I desire to refer back to paragraph 297, and ask unanimous consent for its reconsideration, for the purpose of offering an amendment which I send to the desk. I presume it will have to be reconsidered.

The VICE PRESIDENT. The amendments to paragraph 297 will be reconsidered.

The SECRETARY. On page 88, paragraph 297, line 10, before the word "all," it is proposed to insert "gloves and mittens."

The amendment to the amendment was agreed to.

The SECRETARY. In line 14 it is proposed to strike out "50" and insert "40."

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on the amendment as amended.

The amendment as amended was agreed to.

The SECRETARY. The next paragraph passed over is paragraph 332, on page 99.

Mr. SMOOT. Mr. President, the Secretary has missed one paragraph—paragraph 326, on page 96, which covers "woven fabrics, in the piece or otherwise."

Mr. THOMAS. Yes. We ask to have that paragraph passed over for the present. We probably shall be ready to report on it some time to-morrow morning.

The SECRETARY. Paragraph 326, on page 96, was passed over on the request of the senior Senator from Utah [Mr. SMOOT].

Mr. SMOOT. I should like to refer to paragraph 267 and call the attention of the Senator from Georgia [Mr. SMITH] to that paragraph. I notice that the statement I made on the floor of the Senate in relation to cords and tassels does not conform to what the present law is. I think there should be a comma after cords.

Mr. SMITH of Georgia. The terms really ought to be used, "cords, tassels, and cords and tassels."

Mr. SMOOT. So as to read:

Bandings, beltings, bindings, bone casings, cords, tassels, and cords and tassels.

Mr. SMITH of Georgia. That is correct. That was the first suggestion we made and we yielded on it, but after a reinvestigation of the subject I am satisfied that those terms ought to be used. When we returned to the cotton schedule we were going to suggest that change, but as it has been brought to the attention of the Senate now, I move for the committee that that modification be made.

The VICE PRESIDENT. It will be stated.

The SECRETARY. In paragraph 267, on page 80, line 21, after the word "tassels," insert "cords and tassels."

Mr. SMOOT. But I want to strike out the word "and" and insert a comma there.

Mr. SMITH of Georgia. The object is to have a separate phrase of cords, and tassels, as well as cords and tassels.

The SECRETARY. On page 80, line 21, after the word "tassels," in the amendment agreed to, and the comma, insert the words "cords and tassels" and a comma.

Mr. SMOOT. Then I want the word "and" stricken out.

The VICE PRESIDENT. There is none in.

Mr. SMOOT. My print shows there is, but if there is none no action need be taken.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. THOMAS. I ask unanimous consent to reconsider paragraph 318. I wish to offer an amendment to it.

The VICE PRESIDENT. Without objection, the paragraph will be reconsidered. The amendment will be stated.

The SECRETARY. In paragraph 318, page 91, line 19, strike out the words "plush or velvets" and insert the word "fabrics."

Mr. SMOOT. "Fabrics" is a new designation in tariff legislation.

Mr. THOMAS. No.

Mr. SMOOT. What I mean is outside of the general basket clause, which refers to fabrics of all classes. This is dealing with the wool schedule.

Mr. THOMAS. But "such fabrics." The Senator will notice that we have already inserted an amendment relating to woven figured upholstery goods. The words "plushes or velvets" might not be sufficiently comprehensive to embrace goods made of that material.

The VICE PRESIDENT. The amendment will be agreed to, without objection.

Mr. THOMAS. One moment. Let it read "such plushes, velvets, or other fabrics."

Mr. SMOOT. I suggest that it be made to read "in chief value of such plushes, velvets, or other similar fabrics."

Mr. THOMAS. Instead of the amendment offered I move to amend by striking out the word "or" in line 19, and inserting after the word "velvets" "or other fabrics."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 91, line 19, after the word "plushes," strike out the word "or," and after the word "velvets" insert "or other fabrics."

The amendment was agreed to.

Mr. BRANDEGEE subsequently said: Let me have the attention of the Senator from Colorado for just a minute, if possible.

Mr. THOMAS. I beg the Senator's pardon.

Mr. BRANDEGEE. I suggest to the Senator from Colorado to be kind enough to have the Secretary read once more the amendment on page 91, which was just agreed to. I want to make sure that it is correct.

Mr. THOMAS. Certainly.

The VICE PRESIDENT. The Secretary will read as requested.

The SECRETARY. Paragraph 318, page 91, as amended, reads as follows:

318. Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, and woven-figured upholstery goods, made wholly or in chief value of wool or of the hair of the Angora goat, alpaca, or other like animals, and articles made wholly or in chief value of such plushes, velvets, or other fabrics, 40 per cent ad valorem.

Mr. BRANDEGEE. Is that what the Senator wants?

Mr. THOMAS. Yes. If it is not correct, however, I should like to be informed in what respect it is wrong.

Mr. BRANDEGEE. I am not sure that I am correct. I am asking for information. The language as adopted would cover articles made wholly or in chief value of any fabric.

Mr. THOMAS. No; "of such plushes, velvets, or other fabrics."

Mr. BRANDEGEE. The word "such" was not stricken out by the Senator?

Mr. THOMAS. Oh, no; I do not understand that the word "such" was eliminated.

Mr. BRANDEGEE. If the word "such" modifies the words "other fabrics," the Senator is correct.

Mr. HUGHES. I ask unanimous consent to return to paragraph 347 for the purpose of making a change in the punctuation. I desire to strike out the semicolon, in line 21, and change it to a comma. In reading it over we think there is something in the contention that as it stands the qualifying language may be in conflict with the first part of the paragraph.

Mr. SMOOT. After the word "agate," in line 21?

Mr. HUGHES. Yes.

Mr. SMOOT. I think the semicolon is right.

Mr. HUGHES. I do not think there can be any possible doubt about it if the semicolon is changed to a comma.

Mr. CLARK of Wyoming. Then should not the comma be dispensed with after the word "ivory"?

Mr. SMOOT. I wish to say to the Senator, if that applied only to the last bracket he would be correct, but it applies to all the balance of the paragraph and therefore a semicolon is the proper punctuation. A comma would be all right if it applied simply to that part of the bracket preceding it, but this applies to "all the foregoing and buttons not specially provided for in this section, 40 per cent ad valorem."

Mr. HUGHES. But 40 per cent ad valorem is not supposed to apply to anything beyond the beginning of line 18. Further up in the paragraph there are certain rates provided for various classes of buttons.

Mr. SMOOT. If that is the object of the paragraph the Senator is correct, and it should be a comma.

Mr. HUGHES. That, of course, is the object of the paragraph.

Mr. SMOOT. The amendment is correct if that is the object.

The VICE PRESIDENT. The question is on agreeing to the amendment changing the punctuation as suggested. Without objection, it is agreed to.

Mr. LA FOLLETTE. I wish to offer an amendment in the nature of a substitute for the cotton schedule. I ask to have it printed and laid on the table.

The VICE PRESIDENT. That action will be taken.

Mr. SMOOT. I have an amendment to offer to paragraph 326, but I understand the Senator from Colorado to say that they are considering the paragraph.

Mr. THOMAS. Yes; we will bring it up to-morrow.

The SECRETARY. The next paragraph passed over is paragraph 332, on page 99.

Mr. JOHNSON. The committee wish to offer an amendment to the committee amendment. On page 99, line 22, I move to strike out the words "or its solution" and in lieu thereof to insert the word "leaf," so as to read:

Papers wholly or partly covered with metal leaf or with gelatin or flock, etc.

Mr. MCCUMBER. The Senator from Massachusetts [Mr. LODGE] left the Chamber a moment ago and wanted to be sent for when this paragraph was reached. He is in the room of the Committee on Naval Affairs. I have sent for him. I will ask that the vote be delayed for one moment upon this matter until he can return to the Chamber.

The VICE PRESIDENT. The paragraph has not yet been read. The Chair suggests that the paragraph be read.

The SECRETARY. The amendment of the committee is to strike out from line 3, on page 99, to line 21, in the following words:

Papers, including wrapping paper, with coated surface or surfaces, or with the surface wholly or partly covered or decorated with a design, fancy effect, pattern or character whether produced in the pulp or otherwise, all of the foregoing not specially provided for, whether or not wholly or partly covered with metal or its solution or with gelatin or flock or embossed or printed except by lithographic process, cloth-lined or reenforced paper, parchment papers, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever name known; all other grease-proof and imitation parchment papers, not specially provided for in this section, by whatever name known; bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper, papier mâché, or wood covered with any of the foregoing paper, 35 per cent ad valorem.

And in lieu thereof to insert from line 21, on page 99, to line 16, on page 100, as follows:

Papers wholly or partly covered with metal or its solution or with gelatin or flock, papers with white coated surface or surfaces, hand dipped marbleized paper, and lithographic transfer paper, not printed, 25 per cent ad valorem; all other papers with coated surface or surfaces not specially provided for, whether or not embossed or printed except by lithographic process, 50 per cent ad valorem; uncoated papers, gummed, or with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise except by lithographic process, cloth-lined or reenforced papers, parchment papers, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, all other grease-proof and imitation parchment papers, not specially provided for in this section, by whatever name known, bags, envelopes, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or papier-mâché or wood covered with any of the foregoing papers or covered or lined with cotton or other vegetable fiber, 35 per cent ad valorem.

Mr. LODGE entered the Chamber.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment proposed by the committee.

The SECRETARY. On page 99, line 22, after the word "metal," strike out the words "or its solution" and insert the word "leaf."

Mr. LODGE. That does not concern me. The part I am interested in is the last provision.

The amendment to the amendment was agreed to.

Mr. JOHNSON. In line 23, after the word "surfaces," I move to insert the words "calender plate finished."

The amendment to the amendment was agreed to.

Mr. JOHNSON. In line 23, on page 99, after the word "paper" and the comma, I move to insert the words "parchment paper."

The amendment to the amendment was agreed to.

Mr. JOHNSON. In line 24, on page 99, I move to strike out the comma following the word "paper."

The amendment to the amendment was agreed to.

Mr. JOHNSON. In line 25, I move to strike out the words "all other."

The amendment to the amendment was agreed to.

Mr. JOHNSON. In line 25, after the word "surfaces," I move to insert the words "suitable for covering boxes."

The amendment to the amendment was agreed to.

Mr. JOHNSON. On page 100, line 2, after the semicolon following the words "ad valorem," I move to insert the words "all other paper with coated surface or surfaces not specially provided for in this section" and a semicolon.

The amendment to the amendment was agreed to.

Mr. JOHNSON. On page 100, in lines 6 and 7, I move to strike out the words "parchment papers" and the comma.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee as amended.

Mr. SMOOT. The effect of the last amendment is, I suppose, to reduce the rate on parchment paper from 35 per cent ad valorem to 25 per cent.

Mr. JOHNSON. The parchment papers are changed from 35 to 25 per cent. Looking at the present law I find that they bear a duty of about 25 per cent, or a little less than that; but there seemed no place to put them. I think 22 per cent was the ad valorem equivalent. We placed them in that lower classification of 25 per cent. The imitation parchment papers under the present law bear a duty of about 65 per cent ad valorem.

Mr. SMOOT. The two classes of papers combined carry an equivalent ad valorem of 49 per cent.

Mr. JOHNSON. We made the separation. I am not talking about the two combined. We looked into that pretty carefully. It is the imitation parchment papers which, under the present law, bear a duty of about 65 per cent. We left them under the 35 per cent bracket, and the parchment papers we carried to the 25 per cent bracket.

Mr. SMOOT. That is what I said the effect of the amendment was, to take parchment papers from the 35 per cent bracket and place them in the 25 per cent bracket.

Mr. JOHNSON. That is true.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The SECRETARY. The next amendment passed over was, in paragraph 332, on page 100, line 18, after the word "purposes," to insert the words "25 per centum ad valorem."

The amendment was agreed to.

The SECRETARY. The next amendment passed over was, in paragraph 332, on page 100, line 20, before the words "per cent," to strike out "25" and insert "15," so as to read:

Plain basic papers for albuminizing, sensitizing, baryta coating, or for photographic or solar printing processes, 15 per cent ad valorem.

Mr. LODGE. Mr. President, plain basic papers have been heretofore included with the others. The House put them under a rate of 25 per cent. Now they have been separated, and I should like to know why these particular papers, which are important and valuable papers for the photographic business, should have been separated and the duty on them so much further reduced?

Mr. JOHNSON. Mr. President, the reason was this: We placed photographic films upon the free list and we gave the papers here a reduced rate of duty for that reason, reducing them from 25 per cent to 15 per cent.

Mr. LODGE. But you have left the rate on albuminized and sensitized paper the same as it was in the bill as it came from the House, while you have made a distinction between the two photographic papers.

Mr. JOHNSON. The Senator will notice that the papers which may be used for albuminizing, sensitizing, and baryta coating are at 15 per cent, but after they are sensitized and albuminized they are then placed at 25 per cent—a little higher rate of duty.

Mr. LODGE. Mr. President, I am not going to take time over it, but I think that is a very severe reduction. The duty is 30 per cent in the existing law on these basic papers, and the House put it at 25. Now, the Senate committee have separated them and reduced them to 15 per cent. It seems to me a pretty severe reduction. The men who are engaged in making those papers have short hours and high wages, and this reduction of duty will put a great burden on that business. I would be glad if the duty could be left at the same rate as in the present law.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, before going to the next amendment passed over, which is in paragraph 341, I wish to revert to paragraph 335 and to ask that it now be taken up for consideration.

The VICE PRESIDENT. Paragraph 335 will now be considered.

Mr. JOHNSON. The committee wishes to offer an amendment to paragraph 335, on page 104. After the word "flat," in line 3, the committee propose to strike out the words "plain, bordered, embossed, printed, tinted, decorated, or lined," and to insert the words "not specially provided for in this section."

The VICE PRESIDENT. The amendment proposed by the Senator from Maine on behalf of the committee will be stated.

The SECRETARY. In paragraph 335, on page 104, line 3, after the word "flat," it is proposed to strike out "plain, bordered, embossed, printed, tinted, decorated, or lined" and to insert "not specially provided for in this section."

Mr. SMOOT. That would effect envelopes other than plain, folded, or flat, and place upon them a higher rate of duty.

Mr. JOHNSON. That is true, because they are provided for in paragraph 332. This was in conflict.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Maine on behalf of the committee.

The amendment was agreed to.

Mr. BRANDEGEE. Mr. President, while we are on this subject I want to call the attention of the Senator in charge to paragraph 335. I have a letter here from the Meriden Gravure Co. asking that an amendment be inserted on page 104, after the words "ad valorem," to strike out the period and to insert "articles composed wholly or in chief value of paper printed by the photogelatin process, and not specially provided for in this act, 3 cents per pound and 25 per cent ad valorem." They state in their letter:

As far as we can determine the Underwood bill makes no provision for the industry in which we are engaged, namely, photogelatin printing. In the act of 1909, Schedule M, paragraph 412, photogelatin printed matter is excepted and provided for in paragraph 415. In the new

bill the same exception is made under paragraph 412, but no separate provision given.

As we read the text, it would therefore come in at 15 per cent ad valorem as "printed matter."

A large part of the paper used in this industry comes from Germany, on which the duty is 25 per cent. It surely can not be the purpose of the bill to assess raw material at 25 per cent and the finished product at 15 per cent. Our presses are all imported under a duty, our gelatine likewise. With the tariff of 1909—3 cents per pound and 25 per cent ad valorem—we are in many lines in the closest competition with the German product. The new bill as it stands will simply hand the market over to our foreign competitors and close most of the shops in this country.

The process is of German origin, and in that country between 200 and 300 houses are engaged in it. It was brought to the United States in the early seventies. Although protected to the extent of 25 per cent, its growth was slow because of the German importations, and it was not until the act of 1909 that we were in a position to attempt to meet this competition at all. Before the passage of this act there were, to our best knowledge and belief, five concerns in the country engaged in this work. Since that time, wholly because of the ability given by the increased protection to meet the Germans on somewhere near even footing, some nine new houses have been established. Even now approximately 75 per cent of the photogelatin prints used in the country are imported. The 25 per cent footing we have gained will be wiped out under the new bill.

Labor and paper are the two large items in our cost of production. Wages for corresponding men are in Germany from one-third to one-half that ruling on this side. On the paper we are to pay a tariff of 25 per cent. On the machinery to produce the work—none is made in this country—35 per cent.

I am free to say, Mr. President, that I do not at all understand the technicalities of this industry, and so I am compelled to rely upon this firm, the members of which are constituents of mine.

Mr. LODGE. If the Senator will allow me, my attention was called to that matter also, and I meant to bring it up. I am very glad the Senator has done so. There is no question that the articles the Senator has mentioned, so far as I can make out, are not provided for anywhere in the bill.

Mr. JOHNSON. Mr. President, photogelatin papers are surface-coated papers, and in the amendment which I offered these words appear:

All other papers with coated surface or surfaces not specially provided for in this section.

And they bear a duty of 35 per cent.

Mr. LODGE. The Senator thinks that the expression "surface-coated paper" would cover photogelatin paper?

Mr. JOHNSON. It would cover the photogelatin paper.

Mr. LODGE. That is all right.

Mr. JOHNSON. It is also provided in that same paragraph that envelopes made of photogelatin paper or of any paper shall bear the same rate of duty as the paper from which they are made, which would be 35 per cent.

Mr. LODGE. If that is the case it is all right, of course.

Mr. BRANDEGEE. I would not have taken up so much time of the Senate if I had known that; but, as I have said, I was not familiar with the situation. A duty of 35 per cent, as I understand, will be an increase over the existing rate, if these papers now bear that duty.

Mr. THOMAS. Mr. President, I find that I omitted to offer an amendment recommended by the committee in one of the paragraphs in Schedule C, namely, paragraph 152. I ask leave to return to that paragraph. On behalf of the committee, I propose an amendment in paragraph 152, page 44, line 10, by striking out "10" and inserting "6."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. In paragraph 152, on page 44, line 10, after the word "metal," it is proposed to strike out "10" and insert "6."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The SECRETARY. The next amendment passed over is paragraph 341, page 105, which was passed over at the request of the Senator from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. President, I move to amend paragraph 341, page 105, line 22, by striking out the words "fabrics, wearing apparel, trimmings" and inserting, before the word "curtains," the words "lamp fringes"; and after the word "articles," in line 23, by inserting the words "not embroidered nor appliquéd and."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. In paragraph 341, page 105, line 22, before the words "curtains," it is proposed to strike out "fabrics, wearing apparel, trimmings" and to insert "lamp fringes"; and, in line 23, after the word "articles," to insert "not embroidered nor appliquéd and," so as to make the paragraph read:

341. Beads and spangles of all kinds, including imitation pearl beads, not threaded or strung, or strung loosely on thread for facility in transportation only, 35 per cent ad valorem; lamp fringes, curtains, and other articles not embroidered nor appliquéd and not specially provided for in this section, composed wholly or in chief value of beads or spangles made of glass or paste, gelatin, metal, or other material, 50 per cent ad valorem.

The amendment was agreed to.

Mr. SMOOT. Mr. President, the amendment strikes out the words "wearing apparel and trimmings." I have not had time to look back over the bill to find out whether or not those particular articles are taken care of in another paragraph.

Mr. HUGHES. They are provided for in paragraph 368, I will say to the Senator—the embroidery paragraph.

Mr. SMOOT. That is all I wanted to ask the Senator. I have been looking through the bill, but I have not had time as yet, inasmuch as the amendment has just been offered, to make certain as to the matter. Of course if they are not taken care of, we should not strike them out of this paragraph.

Mr. HUGHES. Undoubtedly; and if it turns out that they are not taken care of there will be no objection to reverting to the paragraph, I imagine.

The SECRETARY. The next paragraph passed over is paragraph 355, on page 109.

Mr. LODGE. Is that the match paragraph?

The VICE PRESIDENT. It is.

Mr. SIMMONS. Mr. President, I was just trying to find the amendment suggested by the Senator from Massachusetts to that paragraph.

Mr. HUGHES. I want to ask the Senator from Massachusetts, if he will permit me, if he has examined the law on this subject?

Mr. LODGE. I have, with great care.

Mr. HUGHES. And the Senator is of the opinion that this provision will repeal the prohibition against the importation of white phosphorus matches under the existing law?

Mr. LODGE. This is the later act of the two.

Mr. HUGHES. That is the theory upon which the Senator is proceeding?

Mr. LODGE. Certainly. I think we would run the risk of having it said that this provision repealed that act, and therefore I suggested an amendment to the chairman of the committee in order to preserve the white phosphorus match legislation; that is all.

Mr. SIMMONS. On behalf of the committee I offer the amendment to paragraph 355 which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 109, after the words "ad valorem," at the end of paragraph 355, it is proposed to insert:

Provided, That in accordance with section 10 of "An act to provide for a tax upon white phosphorus matches, and for other purposes," approved April 9, 1912, white phosphorus matches manufactured wholly or in part in any foreign country shall not be entitled to enter at any of the ports of the United States, and the importation thereof is hereby prohibited; *Provided further*, That nothing in this act contained shall be held to repeal or modify said act to provide for a tax upon white phosphorus matches, and for other purposes, approved April 9, 1912.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. Now, Mr. President, I want to call attention to one rate in this paragraph. In lines 20 and 21 it is provided that matches—

when imported otherwise than in boxes containing not more than 100 matches each, one-fourth of 1 cent per 1,000 matches.

The duty in the present law is one-half of 1 cent. The ad valorem equivalent under the present law is only 8.44 per cent, which is a very low rate indeed. I am not going to discuss the question any further than to say that even if the decreases from the present law are made upon all the other classes of matches, it does seem to me that that grade of match should carry at least one-half instead of one-quarter of a cent. With one-quarter of a cent the duty is only 4.22 per cent equivalent ad valorem. If the Senator does not feel justified in accepting the suggestion, I am not going to detain the Senate by an argument, but I shall ask to have certain correspondence put in the RECORD in connection with this item.

I think if the Senator will examine that particular item he will come to the conclusion that to-day there is the most severe competition. As I say, the equivalent ad valorem upon them is only 8.44 per cent under the present law.

Mr. HUGHES. I can only say to the Senator that we have given the most thorough and exhaustive consideration to this item. It has given us a great deal of trouble. We have been furnished with all sorts of arguments and briefs and an abundance of information, but nothing was laid before the subcommittee or the members of the full committee that seemed to justify them in interfering with the rates made by the House.

Now, I want to call the Senator's attention to something very peculiar in that particular bracket. The Senator will find that the average unit of value in 1912 was 7.3 cents, and it is admit-

ted that matches that fall under that classification are sold in this country for much less than that. I call the Senator's attention to the fact that in 1910 we find them at 4.4 cents. I asked some of the gentlemen who appeared before me why they were so much afraid of foreign competition when the foreign unit of value was so much higher than the market price of matches in this country.

Mr. SMOOT. That is very easily explained. The reason is that the matches of this class sent to this country under the present rate are, of course, the very highest-priced matches of that grade that are made.

Mr. HUGHES. I will say to the Senator that the gentlemen who are interested in raising this rate did not make that explanation. They said there was something wrong with the classification and some other kind of match was coming in here; but all the way across the unit of value seems to me to leave a good deal to be explained.

Mr. SMOOT. The Senator certainly is not going to take that class of match and try to show that the unit of value is as given in this report. There is something wrong, because not only is it higher than the foreign value, but it is higher than the local value. So there is certainly something wrong in relation to the unit of value.

Mr. HUGHES. That point was never satisfactorily explained to me. It may very well be that they are making and selling matches in this country, put up in this way in these large boxes containing more than 100, for less than they are able to put them up in that way and sell them for abroad. That would seem to be the obvious explanation.

Mr. SMOOT. I have before me a letter from Austin Nichols & Co. (Inc.), of New York, importers of foreign matches, addressed to the Fred. Fear Match Co., of New York City, N. Y. The letter is a partial explanation of this situation. They recommend that orders be placed now for these matches, claiming that they can not be made in this country except at certain times of the year, and that since the duty is going to be cut 50 per cent there is no question that the foreign manufacturers will control this market.

As I say to the Senator, the equivalent ad valorem upon this class of matches is only 4.22 per cent. I said I would ask that these papers go into the RECORD. I will not even encumber the RECORD with them. If the Senator has made up his mind that there is no need of making the change, I will say no more, and simply let it rest with the protest I have already made.

Mr. GALLINGER. Mr. President, this is one instance where I very strongly favor a low rate of duty—in the interest of conservation, however. The desolation that the Diamond Match Co.—and perhaps other match companies—are creating in the forests of the United States, destroying pine timber not much larger than my thumb, is appalling. I am not going to worry over an increased importation of matches if it will tend to save the small trees in our forests, which are now not regarded by these great match corporations.

Mr. SIMMONS. I think the Senator from New Jersey has failed to call attention to the fact that in line 22 the word "fuses" is used, when it ought to be "fusees."

Mr. HUGHES. Yes; I had overlooked that.

The VICE PRESIDENT. That is a matter of spelling. Another "e" should be put in it.

Mr. HUGHES. I move to amend by adding an additional "e," so as to make the word "fusees" rather than "fuses." I ask unanimous consent to make that amendment.

The VICE PRESIDENT. That correction will be made.

The SECRETARY. On page 110, paragraph 357, on August 26, was recommitted to the committee on the request of the junior Senator from New Jersey [Mr. HUGHES].

Mr. HUGHES. I ask the Secretary to read the proposed amendments down to the proviso.

The SECRETARY. In paragraph 357, page 110, line 10, after the word "manner," the committee proposes to insert "and not suitable for use as millinery ornaments."

The amendment was agreed to.

The SECRETARY. In line 11, after the word "and," it is proposed to strike out the word "other."

The amendment was agreed to.

The SECRETARY. In line 13, after the word "feathers," it is proposed to strike out the comma and insert "suitable for use as millinery ornaments, artificial and ornamental."

The amendment was agreed to.

The SECRETARY. In line 14, after the word "leaves," it is proposed to insert "grasses" and a comma.

The amendment was agreed to.

Mr. BRANDEGEE. What paragraph is this?

The VICE PRESIDENT. Paragraph 357.

The SECRETARY. In line 19, after the word "other," it is proposed to strike out "materials or articles" and insert "material."

The amendment was agreed to.

The SECRETARY. In line 22, after the word "plumes," it is proposed to strike out the comma and the words "and the feathers, quills, heads, wings, tails, skins or parts of skins, of wild birds, either raw or manufactured, and not for scientific or educational purposes."

Mr. HUGHES. I am directed by the committee to move to lay the committee amendment on the table, thus restoring the original language of the bill.

Mr. GALLINGER. The committee amendment should be disagreed to, then.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was rejected.

The SECRETARY. On page 110, line 25, after the word "prohibited," it is proposed to strike out "but this provision shall not apply to the feathers or plumes of ostriches or to the feathers or plumes of domestic fowls of any kind."

Mr. HUGHES. I move that the committee amendment in that regard be not agreed to.

The amendment was rejected.

The VICE PRESIDENT. The RECORD will show that the committee has rereported paragraph 357.

The SECRETARY. The next paragraph passed over is paragraph 358.

Mr. THOMAS. Mr. President, I ask unanimous consent to recur at this time to paragraph 116, for which the committee offers a substitute, which I send to the desk.

The SECRETARY. On page 33 the committee offers a substitute for paragraph 116, in the following words:

116. Round iron or steel wire; wire composed of iron, steel, or other metal except gold or silver; corset clasps, corset steels, dress steels, and all flat wires and steel in strips not thicker than seven one-hundredths of 1 inch and not exceeding 5 inches in width, whether in long or short lengths, in coils or otherwise, and whether rolled or drawn through dies or rolls or otherwise produced; telegraph and telephone wires; iron and steel wire coated by dipping, galvanizing, or similar process with zinc, tin, or other metal; all other wire not specially provided for in this section, and articles manufactured wholly or in chief value of any wire or wires provided for in this section; all the foregoing, 15 per cent ad valorem; wire heddles and healds; wire rope; telegraph, telephone, and other wires and cables covered with cotton, silk, paper, rubber, lead, or other material; all the foregoing and articles manufactured wholly or in chief value thereof, 25 per cent ad valorem; woven wire cloth made of iron, steel, copper, brass, bronze, or other metal, 30 mesh and above, 30 per cent ad valorem.

Mr. SMOOT. The amendment, as nearly as I could follow it, simply takes cable wires out of the 15 per cent ad valorem bracket and puts them in the 25 per cent bracket.

Mr. THOMAS. Cables and all covered wire; yes. It also broadens the woven-wire-cloth paragraph by including "iron, bronze, or other metal."

Mr. SMOOT. Yes; I was going to refer to that item also.

The amendment was agreed to.

Mr. THOMAS. I should like to inquire whether paragraph 106 has been acted upon. I think it has.

Mr. SMOOT. No; it went over.

The SECRETARY. Paragraph 106, on page 30, was passed over at the request of the junior Senator from Michigan [Mr. TOWNSEND]. It has been read.

Mr. THOMAS. The committee has no amendment to present to that paragraph.

The VICE PRESIDENT. It has not yet been agreed to. It has been read, but it has not been agreed to.

The SECRETARY. On page 30, line 8, after the word "manufactured," the committee proposes to strike out "12" and insert "10."

The amendment was agreed to.

The SECRETARY. On page 111, paragraph 358, all the amendments have been agreed to.

Mr. SMOOT. I believe all the amendments in that paragraph have been agreed to. I asked that the paragraph be passed over, for the purpose of offering an amendment. I will suggest the amendment now, to correct the paragraph as I suggested at the time that I asked to have the paragraph go over.

I move that the words "or repairing" be inserted after the word "dyeing," on line 7, page 111. It would then read:

Furs dressed on the skin, not advanced further than dyeing or repairing, 20 per cent ad valorem.

Mr. HUGHES. I should like to have that amendment pending and ask that the paragraph may be passed over again. There is a proposition before the committee that has not yet been acted upon.

Mr. SMOOT. I will say to the Senator, as I said before, that the word "repairing" has a well-known meaning and has been

passed upon by the courts as designating an article between the raw fur and the manufactured fur. If the Senator desires, I will call his attention to the case.

Mr. HUGHES. I ask that the paragraph may be passed over.

The VICE PRESIDENT. The paragraph will be passed over for the present.

The SECRETARY. On page 114 paragraph 368 was passed over at the request of the junior Senator from New Jersey [Mr. HUGHES].

Mr. HUGHES. I am directed by the committee to offer a substitute for the paragraph, which I should like to have read.

The SECRETARY. In lieu of paragraph 368 it is proposed to insert the following:

368. Laces, lace window curtains not specially provided for in this section, coach, carriage, and automobile laces, and all lace articles of whatever yarns, threads, or filaments composed; handkerchiefs, napkins, wearing apparel, and all other articles or fabrics made wholly or in part of lace or of imitation lace of any kind; embroideries, wearing apparel, handkerchiefs, and all articles or fabrics embroidered in any manner by hand or machinery, whether with a plain or fancy initial, monogram, or otherwise, or tamboured, appliquéd, or scalloped by hand or machinery, any of the foregoing by whatever name known; nets, nettings, veils, veilings, neck rufflings, ruchings, tuckings, flouncings, flutings, quillings, ornaments; braids, loom woven and ornamented in the process of weaving, or made by hand, or on any braid machine, knitting machine, or lace machine, and not specially provided for; trimmings not specially provided for; woven fabrics or articles from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving, forming figures or designs, not including straight hemstitching; and articles made in whole or in part of any of the foregoing fabrics or articles; all of the foregoing of whatever yarns, threads, or filaments composed, 60 per cent ad valorem.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The SECRETARY. The next paragraph passed over is on page 118, paragraph 378.

Mr. LODGE. Has it been read?

Mr. GALLINGER. Before that is reached I desire to ask the Senator from New Jersey in reference to paragraph 368. Was the material I called attention to when the matter was discussed some time ago inserted?

Mr. HUGHES. That was discussed and considered by the committee, and the phraseology was changed so as to take into consideration that particular material, which undoubtedly belongs in that paragraph.

Mr. GALLINGER. The Senator has no doubt but that it is taken care of in the amendment as proposed by him?

Mr. HUGHES. I am as certain as I can be of anything of the kind. It is a very complicated paragraph.

Mr. GALLINGER. The amendment, suggested, I think, by a Government expert, was that the words "loom woven and ornamented and in process of weaving" should be inserted.

Mr. HUGHES. That is the language which has been inserted.

Mr. GALLINGER. It has been inserted?

Mr. HUGHES. Yes, sir.

Mr. GALLINGER. I thank the Senator. That is all I cared to have inserted in the paragraph.

Mr. SMOOT. I should like to ask the Senator from New Jersey whether the change made takes care of edgings, insertings, and galloons that were stricken out of the paragraph by the committee? It was hard to follow the amendment as it was read. I ask whether those items were taken care of in the substitute just offered?

Mr. HUGHES. I will say to the Senator they have been taken care of.

The SECRETARY. In paragraph 378, page 118, line 9, after the word "rates" and the colon, the committee report to strike out "India rubber or gutta-percha, 10 per cent ad valorem," and to insert:

Manufactures of india rubber or gutta-percha, commonly known as druggists' sundries, 15 per cent ad valorem; manufactures of india rubber or gutta-percha, not specially provided for in this section, 10 per cent ad valorem.

The amendment was agreed to.

The SECRETARY. The next paragraph passed over is 379.

Mr. LODGE. The paragraph just read includes the item horn combs. It is not a great industry, but the factories which make it have been established for a long time, for periods ranging from 60 to 30 years. Individually they are small concerns. The comb which they make is retailed universally for either 5 or 10 cents, and the reduction in duty on the foreign comb would have no effect at all on the price to the ultimate consumer. There could be no gain in revenue because of the reduction, as there is now a very large importation of combs in competition with ours made at home. To get as much revenue at 25 per cent as is now obtained they would have practically to wipe out the product in this country. Therefore, there will be a loss of revenue. As a matter of fact, at this rate I do not believe it would be possible for the horn-comb industry to survive.

In line 18, page 118, paragraph 378, I shall move to strike out "25" and to insert "40" before "per cent," and I ask leave to print with my remarks certain statements from two or three of the makers of combs.

The VICE PRESIDENT. Without objection, the matter referred to will be included in the RECORD.

The matter referred to is as follows:

Among the 4,000 articles covered by the tariff bill now before Congress, horn combs constitute an item of minor importance, and it is probable that it has not received the consideration necessary to a proper understanding of all the facts.

Believing that if the matter was clearly understood the proposed change from 50 per cent to 25 per cent in the Underwood bill would be greatly modified, we therefore ask your careful attention to the following statements which bear on "Combs, composed wholly of horn or of horn and metal," Schedule N, paragraph 383.

If the change is made as proposed, viz, 25 per cent, it will be—

(a) No advantage to ultimate consumer. (See (a), p. 2.)
(b) Great loss to workingman. (See (b), p. 2.)
(c) No gain in revenue to Government unless the home industry is destroyed. (See (c), p. 2.)
(d) A severe blow to manufacturers. (See (d), p. 2.)
(e) Great benefit to foreign manufacturers. (See (e), p. 3.)

In outlining its policy in the preparation of the new tariff bill the Democratic Party, through its leaders, has announced the following purposes:

First. "To introduce in every line of industry a competitive tariff basis providing for a substantial amount of importation."

Second. "The attainment of this end by legislation that would not injure or destroy legitimate industry."

In the proposition to reduce horn combs from 50 per cent to 25 per cent we think you will clearly see that these principles have been ignored.

Under the present duty of 50 per cent the importations of horn combs for the fiscal years 1911 and 1912 (see official figures of Department of Commerce and Labor) have averaged $143,000 duty paid per year. The estimated average United States production for the same period was $550,000, making a total consumption of $693,000. The importations therefore are more than 25 per cent of the United States production and more than 20 per cent of the consumption, which amount clearly shows a "substantial amount of importation" and thus conforms to the first principle, even with the 50 per cent duty.

It is clear, in view of this, that cutting the duty squarely in half places our industry absolutely at the mercy of the foreign manufacturers.

In the synopsis on page 1 we state that the change to 25 per cent would be—

(a) NO ADVANTAGE TO THE ULTIMATE CONSUMER.

Horn combs are almost universally retailed for either 5 or 10 cents, principally the latter price, and this would continue regardless of a change in the wholesale price. This condition is largely brought about by the influence of the syndicate stores, now completely covering the country, who have established these uniform prices notwithstanding the fact they purchase the goods at greatly varying prices at wholesale. We therefore claim that the ultimate consumer will not be benefited by the change.

(b) GREAT LOSS TO THE WORKINGMAN.

The percentage of labor cost in making horn combs is very large, being between 40 per cent and 50 per cent of total cost, the other expenses, together with the raw material, horn, which is less than 45 per cent, making up the total. As the cost of materials, including horn, is fixed by the markets, the only opportunity of reduction in cost would be in the wages paid for labor. The wages in Scotland, our principal competitors, are not exceeding one-third those paid in our factories, so that with such a low duty it is clear the workmen must either suffer from a lower rate of wages or from loss of occupation altogether.

(c) NO GAIN IN REVENUE TO GOVERNMENT.

As under the proposed reduction to 25 per cent it will be necessary to double the importations to secure the present amount of revenue, in order to secure any considerable increase of customs duties the importations must be increased very much beyond this total. If this greater total of importations is brought into the country, is it not very clear that the industry will suffer beyond recovery?

(d) A SEVERE BLOW TO THE MANUFACTURERS.

The various firms engaged in horn-comb manufacturing have been established from 30 to 60 years. They are composed of men of respectability, standing well in their communities. They have all been industrious and inventive and devoted to their business, and have none of them accumulated more than a reasonable competence out of the business. In most cases their all is invested in the business, and their income and living depends on a continuation of the same.

(e) GREAT BENEFITS TO FOREIGN MANUFACTURERS.

The only benefit we can discover in the change of duty proposed will be an enlargement of the business of the foreign manufacturers, particularly the British Comb Trust, who are waiting eagerly for the final decision on this rate of duty and are looking forward to greatly increased sales of their manufactures in this country.

No doubt importers who handle the foreign goods will reap increased profit due to the large increase of importations, all of which will displace goods made by American workmen, who will by this be thrown out of employment.

We recognize that the present administration interprets their call to power as being based in part at least on a new tariff bill with downward revision, and in common with many other industries we would expect to share somewhat in the reductions to be made. We submit, however, in view of all the facts heretofore set forth, and particularly the present large importations, that to reduce the duty one-fourth of the present rate of 50 per cent to 37½ per cent would under the circumstances be a very large reduction, and one which would increase the already large percentage of importations, but still give the American manufacturers and workingmen a fighting chance. We assure you the above reductions would give us the hardest kind of a fight.

This would then be in harmony with the words of President Wilson spoken at the opening session of Congress, "It would be unwise to move forward toward this end headlong, with reckless haste, or with strokes that cut the very roots of what has grown up amongst us by long process.

"It does not alter a thing to upset it and break it and deprive it of a chance to change. It destroys it. We must make changes in our laws, whose object is development, a more free and wholesome development, not revolution, or upset, or confusion."

Respectfully submitted.

JACOB W. WALTON SONS.

FRANKFORD, PHILADELPHIA, PA.

—

NEWBURYPORT, MASS., *May 6, 1913.*

GENTLEMEN: The foregoing letter of Jacob Walton Sons has been submitted to us for consideration and comment.

We have carefully read and considered every paragraph, and wish to add our indorsement as to the correctness of each statement.

We think that the importations under the present rate of duty is conclusive and unanswerable evidence as to the fairness of a rate of 50 per cent.

The large percentage of imports also meets the rule of "a substantial amount of importation" laid down by President Wilson and Chairman UNDERWOOD.

In addition to the foreign competition just referred to, the domestic competition has been very severe and aggressive. It has therefore been absolutely necessary for us to maintain a high state of efficiency in order to compete successfully.

We appreciate the difficulty of a committee in trying to reach the truth relating to 4,000 items in so short a space of time, and believe that a fuller knowledge of the horn-comb industry will lead to a modification of the duty, so that the industry will not be wholly at the mercy of the foreign manufacturers.

We particularly call attention to the quotation from President Wilson's address to Congress, quoted in the letter of Waltons.

We also call the attention to the speech of Hon. OSCAR W. UNDERWOOD in reporting the new bill, in which he stated that it was "not the intention to injure or destroy legitimate industry."

We respectfully urge upon you that the proposed duty of 25 per cent be increased to 37½ per cent to conform to the above-quoted views.

G. W. RICHARDSON CO.,
G. W. RICHARDSON, *Treasurer.*

—

NEWBURYPORT, MASS., *May 6, 1913.*

JACOB W. WALTON SONS,
Frankford, Philadelphia.

GENTLEMEN: Your letter of the 5th is at hand. We have gone over this letter very thoroughly and fully agree with all the statements you make.

It seems to us that if it can only be fully understood by all the Members of Congress that the wages of the American comb workers are at least three times those paid by our foreign competitors that they would at once acknowledge that a duty of 50 per cent was only a fair duty and not a prohibitive one, as under the present 50 per cent duty the imports of horn combs are 25 per cent of the domestic manufacturers. Now, if this duty is to be reduced it certainly means that the workmen will be obliged to receive less for their labor or the factory closed entirely, as the raw material for the combs is bought in the same market, at the same prices, both by the foreign manufacturers and ourselves.

Yours, truly, W. H. NOYES & BRO. CO.

—

NEWBURYPORT, MASS., *January 13, 1913.*

Hon. HENRY CABOT LODGE,
Senator, Washington, D. C.

DEAR SIR: As hearings in relation to a new tariff bill are now under way, we desire to give you the following information in regard to horn combs, dutiable under section N, which section is set for hearing on the 29th instant.

The duty on this article was raised from 30 per cent to 50 per cent ad valorem by the present tariff.

That this advance in rate was fully justified by conditions is clearly shown by the following results:

First. That no advances in price have since been made by any of the domestic manufacturers.

Second. The importations since the increase in rate have been as follows:

Year ending June 30, 1911, $155,265, duty paid.
Year ending June 30, 1912, $130,272, duty paid.

These figures are from the official reports of the Department of Commerce and Labor.

The value of importations in each year was fully 25 per cent of the estimated domestic production—the sales in 1912 showing a falling off in common with that of many other manufactured products.

It is not possible to make a comparison with importations under previous tariffs as the present bill is the first one to make a separate classification of this article, but the above large percentage of importations shows very clearly that the present rate is far from being prohibitive.

The conditions existing in this industry are highly competitive, both from domestic and foreign sources.

The manufacturers in this country have factory capacity in excess of production and each is therefore striving keenly to secure more business.

The foreign competition comes principally from Great Britain, France, Germany, and Italy, all countries with a very low wage scale.

The competition of the Aberdeen Comb Co., of Aberdeen, Scotland, is particularly difficult to meet, and we are constantly undersold by them on many styles, they having imitated some of our most important combs, and are making strong efforts to increase their trade in this country.

The above company is a consolidation of all of the important horn-comb factories in Great Britain, and if located in this country would be designated as a trust.

Most of the horn combs sold in this country are retailed at either 5 cents or 10 cents. Owing to this trade condition a change of duty either upward or downward would have no effect on the consumer.

Any reduction in the rate would therefore be solely to the advantage of the foreign manufacturers or to the importers. Such action would necessarily be distinctly to the disadvantage of the domestic manufacturers and to their employees.

As it has been shown that the manufacturers in this country did not take advantage of the increase of duty to raise prices, and as the increased and steadily rising wage scale since the present law was passed makes it even more difficult now to compete with the low wage scale of Europe, we most earnestly hope that the present rate may not be changed.

Yours, very truly, G. W. RICHARDSON CO.,
G. W. RICHARDSON, *Secretary.*

—

LEOMINSTER, MASS., *July 24, 1913.*

Senator H. C. LODGE, *Washington, D. C.*

DEAR SENATOR: We have written to Congressman PETERS, as you suggested, who is on the Ways and Means Committee, in regard to the reduction of tariff on manufactured horn goods, which come under section 378 of Schedule N, of an act passed by the House.

We also had the Democratic town committee of Leominster, as well as the lieutenant governor, write Mr. PETERS, as they were familiar with the conditions here in this industry, against the reduction from 35 per cent ad valorem to 20 per cent ad valorem on the goods manufactured of horn which are imported to this country.

Messrs. B. F. Blodgett & Co. and the Goodhue Co., of Leominster, Mass., manufacture horn machete handles. They are used on a machete knife that is exported to other countries, none of them to my knowledge being used in this country.

We obtained figures from the Treasury Department through the customs service in New York. The amount of these horn handles which are imported to this country under the present tariff of 35 per cent is approximately 250,000 pair of handles, or about one-third of the horn handles used in the country, and B. F. Blodgett & Co. and the Goodhue Co. manufacture the other two-thirds; that is, about 500,000 pair of handles.

Now what would be the result if the tariff on these handles is reduced 15 per cent when the price at present is so near the price of the goods which are manufactured here? It seems to us that the foreigners will take all the business, and there can be no good result from it to anyone. The Government will not receive much more income, and we shall practically lose all our business, and we feel that something ought to be done to exempt these goods manufactured of horn included in section 378 of Schedule N.

We feel that it only does great harm to us and our little business and is not doing the country or any of its citizens any good. There seems to be no wrong to be righted in this matter, but simply makes a sweeping thing of a lot of different little items that are manufactured here and help make up the industries of our town and give employment to our people.

We wish you would look into this on its merits. We dislike very much to trouble you, as we know that the cares and anxieties of a Senator at a time like this are very great, but we feel that this matter is of vital importance to us, and we hope if our wishes are carried out it will be of some benefit to the town and the community.

Hoping to hear from you, we are,

Very truly, yours, B. F. BLODGETT & CO.
THE GOODHUE CO.
EDWARD F. BLODGETT.

—

LEOMINSTER, MASS., *April 8, 1913.*

Senator H. C. LODGE,
Washington, D. C.

DEAR SIR: We have just been informed that there is a prospect of reducing the tariff on manufactured horn goods to 15 per cent, and also on celluloid. This will hit Leominster very hard, as it is all we can do now to compete with foreign countries on these manufactured goods. Would especially call your attention to the reduction on horn machete handles, which we manufacture and have for years.

The large concern which takes our entire output, the Collins Co., Collinsville, Conn., have kindly shown us invoices of horn machete handles shipped from England. Under the present tariff their prices are about $2 per hundred less than ours. If they can compete with us at the present rate of tariff, what will happen if the tariff is reduced to 15 per cent? It will simply put us out of business, as far as machete handles are concerned. Machete handles are manufactured here in competition with B. F. Blodgett & Co. There is no trust in this matter and only a fair profit is made from same. We are very willing to submit our books, invoices, etc., to the proper persons for inspection in confirmation of what we have written above.

Trusting that you will do what you can to keep the present duty as it is and that we shall have your close cooperation and influence in this matter, we remain,

Yours, very truly, THE GOODHUE CO.,
By J. A. GOODHUE.

Mr. LODGE. In line 18, before the words "per cent," I move to strike out "25" and insert "40," so as to read:

Combs composed wholly of horn or of horn and metal, 40 per cent ad valorem.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Massachusetts.

The amendment was rejected.

The Secretary read paragraph 379, as follows:

379. Ivory tusks in their natural state, or cut vertically across the grain only, with the bark left intact, 20 per cent ad valorem; manufactures of ivory or vegetable ivory, or of which either of these substances is the component material of chief value, not specially provided for in this section, 30 per cent ad valorem; manufactures of mother-of-pearl and shell, plaster of Paris, papier-mâché, and vulcanized india rubber known as "hard rubber," or of which these substances or any of them is the component material of chief value, not specially provided for in this section, 25 per cent ad valorem; shells engraved, cut, ornamented, or otherwise manufactured, 25 per cent ad valorem.

Mr. HUGHES. I am directed by the committee to offer an amendment to paragraph 379. On page 119, line 2, I move to strike out the numeral "30" and to insert the numeral "35," making the rate 35 per cent ad valorem.

Mr. SMOOT. That is the present rate?

Mr. HUGHES. Yes; the present rate.

The amendment was agreed to.

The SECRETARY. The committee report an amendment to this paragraph on page 119, line 6, by striking out, before "per cent," "25" and inserting "15," so as to read:

Or of which these substances or any of them is the component material of chief value, not specially provided for in this section, 15 per cent ad valorem; shells engraved, cut, ornamented, or otherwise manufactured, 25 per cent ad valorem.

Mr. HUGHES. I am directed by the committee to ask that the amendment be disagreed to.

The amendment was rejected.

Mr. BRANDEGEE. Mr. President, at the time this paragraph was passed over I put in the RECORD a letter from a constituent of mine in relation to ivory tusks in their natural state. The substance of the letter was that ivory in the natural state, the entire tusk, had always been upon the free list. Of course it is not produced in this country. The constituent who wrote me was very heavily interested in the piano business, and it is a leading industry in my State. Piano keys are made from this ivory.

The letter I put in the RECORD, which I will not attempt now to bother with reading in its entirety, made the point that if this duty is put upon this product on the theory that ivory is a luxury in this business, it is a mistaken theory, that the great mass of the pianos made are sold upon the installment plan to people of very moderate means, and the 20 per cent duty levied by this paragraph would certainly result in the raising of the price on these articles and hurt their business.

In this connection I offer an amendment which I send to the desk, and at the same time I offer an amendment to go in on page 139 at the end of line 22. If this duty should be taken off of course the second amendment would be necessary to restore it to the free list. I will ask the Secretary to read both amendments.

The SECRETARY. In paragraph 379, page 118, line 22, strike out the words "in their natural state, or," so as to read:

Ivory tusks cut vertically across the grain only, with the bark left intact, 20 per cent ad valorem.

On page 139, line 22, after the word "unmanufactured," insert:

Ivory tusks not sawed, cut, or otherwise manufactured.

The amendment was rejected.

Mr. PENROSE. Mr. President, the paragraph relating to horn combs was passed over when this schedule was originally under consideration and the understanding was that it should not be taken up in my absence. Inadvertently the paragraph was agreed to and an amendment offered by the Senator from Massachusetts [Mr. LODGE] was voted down while I was temporarily absent from the Chamber. I ask unanimous consent to make just a brief statement and to have some papers printed in the RECORD.

This is a small industry. I think there are only two or three concerns of the kind in the United States. One is located at Frankford, in Philadelphia. Another is located elsewhere in Pennsylvania. These combs are made out of the horns of cattle and are sold very cheaply to the consumer. It is impossible to understand how he can in any way be benefited by a reduction of the duty on the article. The industry, in my opinion, will be absolutely wiped out by this reduction. The competition is so keen with England and other parts of Europe that this little industry, giving employment to a few industrious and deserving mechanics, will have to be closed.

The comb works at Aberdeen are a principal competitor of the American article. The comb makers are the lowest paid skilled workers in Aberdeen. It is 14 years since they had an increase in wages. They have had to submit to insulting conditions, petty tyrannies, and a system of fining, such as no other workers have to endure. For instance, the workers have to pay for broken windows, even though they have not broken them.

I have here a circular of the Aberdeen Comb Makers' Society giving notice of a demonstration to be held on Castle Street, Thursday, June 26, 1913, at 8 p. m., in support of the workers on a strike. The notice goes on to state that addresses will be given by David Palmer, president of the trades council, Joseph F. Duncan, and others, and the notice invites all to "Come and hear the truth about the comb works." It goes on to say: "Support the workers in the fight they are making for tolerable conditions and reasonable wages." That is the condition of the labor element, Mr. President, in Aberdeen, against which the American workman is invited to enter into competition.

I have a letter here from Mr. John Walton, of the firm of Jacob W. Walton Sons, at the head of the horn-comb industry in Philadelphia, with a copy of a brief which he filed with the Ways and Means Committee of the House. I ask to have the letter and the brief incorporated in the RECORD, if there is no objection.

The VICE PRESIDENT. Without objection, that will be done.

The matter referred to is as follows:

JACOB W. WALTON SONS,
Frankford, Philadelphia, April 14, 1913.

Hon. BOIES PENROSE,
Washington, D. C.

MY DEAR SIR: Below I submit some statements of the effect of the change of duty on horn combs from 50 per cent to 25 per cent ad valorem. If given opportunity, I can prove the truthfulness of each statement.

1. No advantage to consumer.
2. No advantage to workingmen.
3. No advantage to Government.
4. Severe blow to manufacturers.
5. Advantage only to foreign manufacturers.

1. Horn combs in large proportion retail at 5 and 10 cents, and this will not be changed by the new proposed duty.

No advantage to consumer.

2. To meet foreign competition employees will either be required to accept lower wages or loss of occupation.

No advantage to workingmen.

3. Unless the American manufacturers are utterly unable by cheapened methods and lowered wages to meet the competition of foreign manufacturers and are driven from the field altogether, there will be slight increase in the custom receipts.

No advantage to Government.

4. The various firms engaged in comb manufacturing have been established from 30 to 60 years, all men of respectability, standing well in their communities. They have all been industrious and inventive and devoted to their business; and have none acquired wealth out of the business. In most cases their all is invested in the business, and their income depends on profit in manufacturing.

A severe blow to manufacturers.

5. The only profit we can discover in the change of duty will be an increase of profit to importers who handle foreign goods due to enlarged purchases and the foreign manufacturers who are waiting eagerly for the final decision on this duty and are looking forward to greatly increased sales of their manufactures in this country, all of this increase displacing goods made by American workmen, any trade that may be retained being under very severe destructive competition.

Advantage only to foreign manufacturers.

Very truly, yours,

JOHN WALTON.

NEWBURYPORT, MASS., *April 12, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee.

DEAR SIR: We have just learned with great surprise that your committee proposes to cut the duty on horn combs squarely in halves.

The announced purpose of the Democratic Party has been to revise the tariff along the following lines:

First. To insure effective competition.

Second. Not to injure business.

If these principles are carried out no one can have any reasonable ground for objection.

We appreciate the difficulty of a committee in trying to understand the facts and the special circumstances which affect any industry, particularly when it is called upon to adjust so many items in so short a time.

Full information is on file with the committee. We wish, however, to again call your attention to the facts on horn combs, bearing on the above principles.

First. Competition: Under the present rate of 50 per cent the imports of horn combs for fiscal years 1911 and 1912 (see official figures of Department of Commerce and Labor) have averaged $143,000 duty paid. The estimated average United States production for the same time is $550,000, making a total of $693,000. The foreign combs therefore comprise slightly more than 20 per cent of the total consumption under the present tariff, and we submit this clearly shows that effective competition already exists.

Second. Injury to business: Under these conditions it must be clear that when competition to this extent is possible with a duty of 50 per cent a reduction of one-half in the duty would place the industry absolutely at the mercy of the foreign manufacturer.

The labor cost in horn combs is a very large per cent of the total cost, and as the Scotch, German, and Italian workers receive only about 40 per cent of the American wage, and are not hampered by short working hours, a liberal measure of protection is absolutely essential.

If the committee had cut the duty one-fourth, or to 37½ per cent, we would, under the existing circumstances, have "taken our medicine" with the best grace possible, but a cut of one-half is destructive.

Allow us to call your attention to the following quotation from the address of President Wilson on the tariff at the opening of the special session of Congress:

"It would be unwise to move toward this end headlong, with reckless haste, or with strokes that cut at the very roots of what has grown up amongst us by long process.

"It does not alter a thing to upset it and break it and deprive it of a chance to change. It destroys it. We must make changes in our laws, whose object is development, a more free and wholesome development, not revolution or upset or confusion."

Have we not every right therefore to assume that this was an honest statement, and that the tariff measure would conform to the principles thus stated?

We appeal to your sense of justice and to your sense of honor to "make the performance square with the facts," and ask that you modify the schedule on horn combs so that the industry will have a fighting chance and not be destroyed.

To men who have given 30 to 40 years of hard work to the business and whose property is largely tied up in the industry, the proposed duty of 25 per cent is heartbreaking.

Very truly, yours,

GEO. RICHARDSON CO.
W. H. NOYES & BRO. CO.

Mr. PENROSE. I took a particular interest in this industry four years ago, and with the help of the senior Senator from Massachusetts [Mr. LODGE] we were enabled to have what has proved to be an adequate duty inserted in the Payne bill. During the four years in which the industry has enjoyed the pro-

tection of that duty it has flourished in a reasonable way. A very large number of combs are imported.

It seems to me that this little industry, which will undoubtedly be stricken down when this bill becomes a law, is furnishing as good an illustration as is possible of the unnecessary and wanton effects of the pending tariff bill in many respects.

It is absolutely impossible to see how the American consumer can be benefited to the least extent. There is in the whole tariff bill no greater contrast between the low-grade conditions of labor abroad and the happier conditions of labor in the United States than is exhibited in this industry.

I have here, Mr. President, some copies of briefs heretofore filed by the gentlemen representing this industry, together with some affidavits as to labor cost and other facts pertaining to the industry. I will ask to have these statements also incorporated in the RECORD.

The VICE PRESIDENT. Without objection, that will be done.

The matter referred to is as follows:

JACOB W. WALTON SONS,
Frankford, Philadelphia, July 18, 1913.

Hon. BOIES PENROSE, *Washington, D. C.*

MY DEAR SIR: I send you herewith a copy of our printed brief and also copy of the typewritten brief which was placed in the hands of the Finance Committee chairman and of which I think I sent you one copy before. You will find on the first page of either of these papers a synopsis which will refresh your memory, I think, on the whole subject.

In addition to these papers I desire to state several facts. First, the experience of the horn-comb manufacturers during the past year has been that, though we have a duty of 50 per cent, the importations of the foreign comb manufacturers have kept prices of horn combs down to the point where our factories have been compelled to run practically with no profits. Our own concern in Frankford, Philadelphia, has scarcely paid the living expenses of the firm let alone interest on investment or other earnings. We can not possibly see how, with the reduction of duty, it will be possible to continue the business against foreign competition.

To refresh your memory, allow me to refer to the following facts: Prior to the last Congress, when the Payne-Aldrich bill was passed, the foreign horn-comb manufacturers had just begun for a few years to engage in aggressive competition with the horn-comb manufacturers of this country. They did not make the styles we used. They did not understand our market, and as a consequence under the old 30 per cent duty in the Dingley bill their competition was not seriously felt. When, however, about six or seven years ago they sent their agents into this country to study the market, and in some instances had opportunity of studying our methods they took home with them samples of the best selling goods in this country and at once began to undersell us on our own distinctive lines. This they were enabled to do, because the cost of labor in horn combs is quite large and the cost of their labor compared to ours in much less than one-third.

It is sometimes said "that the workmen in these foreign countries are not as efficient as the American workmen." If that were true, our troubles would not be so great; but unfortunately those who work in the comb shops in Aberdeen, Scotland, and other competing countries are men, women, and boys who are thoroughly trained in this particular industry, and because of the necessity to work hard in order to earn their low rate of wages they become very quick and efficient workmen. This we know not by hearsay, but because in the last several years there have come to our factory men who had worked in the Aberdeen shops seeking employment, and we have found them very efficient workmen.

According to the newspapers from Scotland, there is at present a strike on in the comb factories, asking for an increase of 15 per cent in wages, the granting of which seems to us to be remote, and on this subject we inclose you a letter from our New York agents. If, however, they would grant this full increase in wages of 15 per cent, it would not raise the wage of the foreign workmen to much above 33⅓ per cent of our wage rate.

In view of the fact that whatever the price of the combs may be, the great mass of them are sold at 10 cents apiece, and therefore the ultimate consumer gets no benefit; and also that if there is an increase of importations, it surely throws just so many workmen out of employment, and that in all probability it would utterly destroy the industry before there would be any appreciable gain in revenue to the Government, we can not understand why the change should be made.

If necessary to reduce the duty, why could they not at least give us 37½ per cent, under which rate we might possibly continue in business, though without any profits?

If it will be of any avail, I shall be glad to go to Washington at any time at your suggestion and will see anyone you may desire me to in order to help this matter on.

Thanking you for your many favors, I remain,

Very truly, yours, JOHN WALTON.

SYNOPSIS OF BRIEF.

Subject: Horn combs, made from cattle horn and used for hair dressing.

Schedule N: Paragraph 463, last clause.

Present duty of 50 per cent ad valorem advanced in the last bill from 30 per cent for reasons given in briefs presented to the Sixty-first Congress, extracts of which are attached herewith (pp. 1 and 2):

(1) This advance was based on the difference of cost of labor. (See pp. 3, 4, and 5.)

(2) The aggressive competition of foreign manufacturers made possible by their low rate of wages. (See p. 6.)

(3) The fact that most of our goods are sold in this country at either 5 or 10 cents, so that a change of duty would have no effect on the consumer. (See p. 7.)

As proof that this advance was justified and should be maintained, we submit the following:

1. Since the change there has been no advance in prices of horn combs by the domestic manufacturers.

2. The importation of foreign combs has continued large. (See p. 8.)

3. The horn-comb business is affected by sharp competition both at home and from the foreign manufacturers. (See p. 9.)

In view of the fact that the duty of 50 per cent ad valorem did not make possible an advance in prices, and the further fact that we have a steadily rising scale of wages since the last tariff bill, and the further fact that according to all advices we receive there has not been any advance in foreign wage scale, we feel justified in urging that the present duty shall not be changed.

EXTRACT FROM BRIEFS SUBMITTED TO PREVIOUS COMMITTEE ON WAYS AND MEANS.

Horn combs are made of cattle horns, and some years ago the production in this country supplied us with all our raw material at a moderate price; but owing to the breeding of short-horn cattle and the process of dehorning, the quantity and quality of American horns have fallen so low that it has been necessary for some years for American manufacturers to buy a large part of their material in European markets where the foreign manufacturers have the advantage of being on the ground.

The product of the foreign comb manufacturers has always found a market in this country, but under present conditions there is an increase in the number of sizes and styles, many of them copies of our makes, which enter our market and drive out the domestic goods. This competition is more keen and difficult to meet each year, particularly in view of the fact that the scale of wages we are required to pay has advanced.

A very considerable item of comb imports consists of fine handmade combs, which sell in all the department stores and among the dealers in better goods. Some of these goods manufactured in France are made in a manner that we could not presume to have sufficient tariff to enable us to compete. In these goods the item of hand labor figures very largely. While in France, in 1904, I was informed by horn brokers and other men familiar with the business that it is the custom of the large manufacturers to prepare the horn stock up to a certain point and then farm it out to families, who take the work home and there put upon it the fine hand labor which produces the superior article. For this work the families, consisting of father, mother, and several children—sometimes five or six—receive the equivalent of about $5 for a full week's work. This statement had previously been made to me by Frenchmen in this country who were familiar with the comb industry in France.

There is also a line of very cheap combs coming here from Italy, Scotland, and the Netherlands, which we can hardly expect to compete with. Among these are pocket combs in cases, which are delivered in New York for $1.25 per gross, duty paid, or of a line of fine-teeth combs at ridiculously low prices.

While thousands of dollars of these goods are continually shipped here, we do not advocate such protection as would give the American manufacturers a monopoly in this market.

The burden of our plea is that the tariff should be high enough to enable the American manufacturer, paying decent wages to workmen, to make reasonable profits and retain the market which legitimately belongs to them.

While there has been a large increase in the consumption of horn combs in this country, the industry has not advanced correspondingly. The decline in the cleared horn line of dressing and fine-teeth combs is particularly marked, the foreign manufacturers having this field practically to themselves, although most of our factories are equipped for the work, and if it were possible to compete could give employment to a goodly number of workmen

If a change were made in the tariff schedule, either lowering or increasing the rate, it would not change the price of the combs to the consumer, except in a limited group of the article. The price that is charged for the comb at retail in this country for probably 75 per cent of the combs sold is 10 cents. The only effect of lowering the duty would be to enrich the dealer at the expense of the manufacturer and by the increase of importations reduce the output of our factories, which would result in the employment of less workmen and possibly the retirement of the industry, in which case the foreigner would undoubtedly increase his prices to this market.

On the other hand, an increase of duty would not increase the price to consumers, the revenue to the Government would probably not be materially diminished, and there would be an enlargement of the industry, which would give employment to more American labor.

Mr. James W. De Graff, representing the Noyes Comb Co., of Binghamton, N. Y., writes:

"About 15 years ago there were 11 horn-comb factories in this country, and to-day there are about 4, as the inadequate duty of 30 per cent does not allow the American manufacturer sufficient protection to enable him to compete with the low wages paid in Aberdeen, Scotland, and in Germany.

"Most of the importations into this country come from one horn-comb works in Aberdeen, Scotland. Our factory obtained a United States patent on a metal-back comb, where the backs extended over the ends, forming the end teeth, which patent expired a number of years ago, and the fair market value for this article is $7.25 net; but the competing comb offered by the Aberdeen Comb Works can now be landed in New York City, freight and duty paid, for $5.70; and beg to say that this comb can not be made in America to meet the foreign price mentioned above. Taking 100 as a unit, the wages amount to 45 per cent and a superintendent's charge of 5 per cent. Notwithstanding the fact that foreign combs are brought into this market at the price mentioned above, the consumer pays exactly the same price at retail for his goods as he does for ours, as the comb can not be retailed for 5 cents, and is universally sold at 10 cents, so that the difference in cost to the wholesale merchant is absorbed by him and the retailer at the expense of American labor.

"The wage scale in the Aberdeen Comb Works, Scotland, of which we have positive information, as per attached sworn affidavit, is as follows: Managers receive salaries not exceeding $15 per week; foremen, from $6 to $7.50 per week; the best workmen, from $4 to $6.50 per week. Women earn an average of from $2 to $3, and boys, who must be 14 years old, start at $1 per week, and they receive this rate for a considerable period.

"As comb making is not considered a man's work in Scotland, outside of manager, foremen, machinists, and a few men for very hard work, the larger proportion of employees are women and minors.

"On the contrary, our labor is principally men, whose wages are about four times as large as the women who do similar work, and the boys employed by us receive at least four times as much as boys abroad.

"A conservative estimate of the relative amount of the labor cost as between the foreign and domestic manufacturers is that the foreign wages for the same amount of labor would be less than 33⅓ per cent of the American wage cost. These figures relate particularly to Scotland, and are well within the facts. In other countries the rates would probably be lower."

COPY OF AFFIDAVIT.

FRANKFORD, PHILADELPHIA, PA., *December 31, 1908.*

I, John Rogers, of 4151 Paul Street, Frankford, Philadelphia, Pa., was in the employ of the Aberdeen Comb Works Co., Aberdeen, Scotland, for 42 years. During this time I worked in the various departments, and for a number of years I was employed as a foreman.

The rates of wages paid by this firm at the time my employment with the said firm ceased were as follows:

Managers, average wages not over 60s., or about $15 per week.

Foremen, average wages not over 25s. to 30s., or about $6 to $7.50 per week.

Men, average wages not over 16s. to 27s., or about $4 to $6.50 per week.

Women, average wages not over 8s. to 12s., or about $2 to $3 per week.

Boys, average wages not over 4s. to 5s., or about $1 to $2 per week, this latter rate gradually increasing as the boys reach manhood.

I have been in constant correspondence since I left Aberdeen with employees of the comb works, who are my old friends and neighbors, and I am sure that rates have not advanced, but rather have decreased since that time.

JOHN R. ROGERS.

John Rogers, being duly sworn according to law, deposes and says that the facts set forth in the above statement, to which he has attached his signature, are true to the best of his knowledge and belief.

JOHN R. ROGERS.

Sworn and subscribed to before me this 31st day of December, 1908.

[SEAL.] THOS. B. FOULKROD,
Notary Public.

(Commission expires January 27, 1909.)

G. W. Richardson Co. and Wm. H. Noyes & Bro. Co., of Newburyport, Mass., write as follows:

"This industry is principally carried on in the States of Massachusetts, Pennsylvania, and New York, and although the various parties engaged in same have given strict attention to the details of the business and have been energetic and ingenious in inventing labor-saving devices, the business has not kept pace with the growth of the country.

"This is largely due, in our opinion, to the strong competition of the foreign manufacturers, notably those of Great Britain, France, Italy, and the Netherlands, who are sending large quantities of combs to this country and underselling us, notwithstanding the present duty.

"We consider that the low wage scale and also low cost of supplies abroad is the secret of their ability to do this, and the cost of the above items is fully 50 per cent of the total cost.

"The supplementary brief recently submitted by Mr. Walton gives facts in relation to the wage scale in Scotland which are of great importance when considering what is a fair measure of protection, and we call your especial attention to same.

"As women perform much of the heavy work in Scotland, for which we employ men at a rate of $10.50 to $13.50 per week, it is clear to us that the total labor cost in Aberdeen would not exceed 30 to 33⅓ per cent of what it is in this country.

"One of our principal items is a 7-inch metal-guard tooth comb, with a metal back of nicolene. This comb has been copied by the Aberdeen people and is now sold in this country by them at $5.70 per gross, duty and freight paid.

"A fair price for this is from $7 to $7.50 per gross. The comb retails at 10 cents.

"ILLUSTRATION.

"On the basis on cost prices in Scotland a tariff of 50 per cent would merely meet the difference in wages alone on the class of combs in general use in this country.

"As stated by us in the briefs submitted to the Ways and Means Committee and printed in their Tariff Hearings, No. 36 (pp. 5395–5397), and in No. 47 (pp. 7075–7077), the proportion of labor cost in the medium goods (most commonly used) of horn combs in America, is about 50 per cent of the total cost.

Take a comb that will cost in America, as example, say, per gross		$6.00
The labor cost would be 50 per cent	$3.00	
The labor on same article in Scotland	1.00	
Which would give advantage to foreigner of		2.00
And make their cost only		4.00
To equal the American cost we must add 50 per cent		2.00
		6.00

"You will note that this relates to the medium grade of goods, which are made with considerable machinery; but for high-priced goods, which require more handwork, this percentage would be inadequate."

While formerly the foreign manufacturers confined themselves to the peculiar styles of their own countries which were salable here only in limited quantities for perhaps a decade, they have made a careful study of our market and methods of manufacture, and have gradually imitated our largest sellers and, though their product is still somewhat crude, have made great inroads on the business of American manufacturers. This, of course, is only made possible by the low wage rate they pay.

In one style of comb, known in the market as the metal end tooth comb, a comb with a nicolene (nickel-plated zinc) back and end teeth, which material they purchase lower in Europe than we can buy it here, their competition has been especially keen.

The factory of the Aberdeen Comb Co., Aberdeen, Scotland, which is a combination of the factories of Great Britain, and in this country would be denominated a trust, is especially active and determined to capture the American market.

The custom now firmly intrenched in the United States, and very largely brought about by the syndicate stores, of selling small wares at 5 or 10 cents has a determining influence on the prices the comb manufacturers can get for their goods. Except for a few styles especially well made and sold in limited quantities to a select trade, it would be suicidal for us to attempt to ask prices that would not permit the goods to be retailed at 10 cents.

Owing to this trade condition a change of duty either upward or downward would have no effect upon the consumer.

In Europe we found the prices at retail varied very much, running from the equivalent of our 5 cents up to a franc (20 cents) and shilling (about 25 cents), and in most instances, especially in the cheaper combs, the retail prices are equal to our American prices.

From these facts we can fairly assume were the American driven out of business from lack of sufficient duty to meet wage differences, it would not be long before the foreign prices would be advanced, and the consumer here be compelled to buy inferior goods for 5 to 10 cents, or pay higher prices.

The importations of horn combs have been quite large.

According to reports of the Department of Commerce and Labor, which were handed to the writer, the importations were as follows:

Duty paid year ending June 30, 1911	$155,265
Duty paid year ending June 30, 1912	130,272

During the latter years domestic manufactures were reduced in their sales in about the same proportion. These figures would indicate imports in excess of 25 per cent of the domestic manufactures, which clearly indicates that the present rate of duty is by no means prohibitive.

Owing to the fact that horn combs were not classified in previous tariff bills, but were imported under the general head of the "Manufactures of horn," which included many other articles, it is impossible for a comparison with former years to be made with any accuracy. We are inclined to believe, however, that because in the particular combs which sell most largely the foreign manufacturers lowered their prices sufficiently to meet the difference in the rate of duty the sales have been approximately as large.

The equipment of the horn-comb manufacturers for a number of years back, while it has not been materially increased, is sufficient to produce an excess of production, and each manufacturer is necessarily seeking more business continually. Of course the effect of this is to produce sharp competition; sometimes it takes the form of improved quality, and at other times is a question of price, so that at home we have competition that would prevent any serious advance in prices. In view, however, of the large imports, and the fact that our foreign competitors are aggressive, the American manufacturer is compelled to sell as cheaply as possible in order to maintain business enough to keep the factories going.

The countries from which we find competition, all of which have the low wage scale, are Great Britain, France, Germany, and Italy.

The Aberdeen Comb Co., of Aberdeen, Scotland, who are especially aggressive, and are making very strenuous efforts to capture the trade of this country, and who imitate our goods more than the others, are the sharpest competitors we have from foreign sources.

Some years ago all of the important horn-comb factories in Great Britain formed a consolidation which would be denominated a trust if located in this country.

In view of all these facts which show that our present duty is not prohibitive, that the consumer is not overcharged, and that a change of duty could not benefit the consumer, but would injure the industry very seriously, compelling either loss of occupation or lower wages to the workingman, we trust that the present duty will be retained.

Mr. PENROSE. Mr. President, of one thing I am certain, that the enactment of this paragraph into law means the shutting down of this industry in Philadelphia and in Massachusetts without benefiting any man, woman, or child in the whole United States.

The SECRETARY. On page 120, paragraph 386 was passed over. The committee proposes to strike out the paragraph as printed in the House text and to insert a new paragraph, as follows:

386. Paintings in oil or water colors, engravings, etchings, pastels, drawings, and sketches, in pen and ink or pencil or water colors, and sculptures not specially provided for in this section, 25 per cent ad valorem, but the term "sculptures" as used in this paragraph shall be understood to include only such as are cut, carved, or otherwise wrought by hand from a solid block or mass of marble, stone, or alabaster, or from metal, and that are the professional productions of a sculptor only, and the term "painting" as used in this paragraph shall be understood not to include such as are made wholly or in part by stenciling or other mechanical process.

Mr. LODGE. This amendment is interwoven with the one in the free list, and properly they would have to be taken up together.

Mr. SIMMONS. The committee have amendments that may possibly reach some of the objections of the Senator.

Mr. LODGE. I would be very glad to hear them stated.

Mr. SIMMONS. The amendments will be submitted by the Senator from New Jersey.

Mr. HUGHES. I am instructed by the committee to offer an amendment. In line 4, on page 120, the first line of the paragraph, I move to strike out the word "engravings."

The amendment to the amendment was agreed to.

Mr. HUGHES. In line 5, I move to strike out the word "etchings" and the comma.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

Mr. BRANDEGEE. Is that the entire amendment made to the amendment, I ask the Senator?

Mr. HUGHES. Yes; that is the entire amendment to the amendment.

Mr. LODGE. Those are the only changes?

Mr. HUGHES. The only changes.

Mr. LODGE. I am very glad that change has been made and that engravings and etchings have been put back where they have always been. They are on the free list in the existing law.

Mr. SMOOT. By striking them out of paragraph 386 they fall back into paragraph 337 at 15 per cent.

Mr. LODGE. Under what paragraph did the Senator from Utah say they will now come?

Mr. SMOOT. Paragraph 337, which provides:

Blank books, slate books and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing, wholly or in chief value of paper, and not specially provided for in this section, 15 per cent ad valorem.

Mr. LODGE. It puts them in that paragraph with a duty of 15 per cent.

Mr. SMOOT. Yes; it puts them back into paragraph 337.

Mr. LODGE. Under the existing law they are on the free list. In the paragraph where engravings or etchings are now placed, as I understand, in paragraph 337, page 104, it is provided:

Blank books, slate books and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing, wholly or in chief value of paper, and not specially provided for in this section, 15 per cent ad valorem.

The chief value of an engraving or an etching is not the paper; it is the marks on the paper made by the artist who etched or engraved the plate. It seems to me little short of absurd to put engravings or etchings in that paragraph and put a duty on them because they consist "wholly or in chief value of paper."

Mr. BRANDEGEE. What would be the price of that etching?

Mr. LODGE. Of course, the paper is practically of no value. The whole value of the etching is in the etching and the whole value of the engraving is in the engraving, and here they are classed in the paper schedule with slate books and pamphlets "wholly or in chief value of paper."

Mr. McCUMBER. Mr. President, I should like to ask the Senator from Massachusetts why he objects to the other side of the Chamber maintaining everlasting harmony in this bill?

Mr. LODGE. Why, Mr. President, I do not, as a rule, object to their making the bill in any way they desire; but etchings and engravings are works of art. They have hitherto been free. I feel strongly that it is of very great value to education in this country that etchings and engravings should come in free, as do other works of art. I deplore their being made dutiable. The imposition of a duty on them seems to me a very backward step. As I understand, the House had them under that queer heading at 15 per cent, and the Senate committee has raised the duty to 25 per cent. I wish they could be put back to their old place.

Mr. BRANDEGEE. Mr. President, I do not want to interrupt the Senator, if he objects——

Mr. LODGE. It does not interrupt me at all.

Mr. BRANDEGEE. I was going to ask the Senator if he did not think that this language which he is criticizing would place them on the free list unless the chief value of them was in the paper of which they are composed?

Mr. LODGE. If that is the case, this puts them back on the free list.

Mr. BRANDEGEE. I am not sure what it does; but I wanted to suggest to the Senator that unless an engraving was wholly or in chief value of the paper in its composition it would not seem to be provided for.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Maine?

Mr. LODGE. I do.

Mr. JOHNSON. If the Senator will yield to me, I desire to make a motion to amend. In paragraph 337, page 104, line 16, after the word "foregoing," I move to strike out the words "wholly or in chief value of paper" and the word "and," at the beginning of line 17.

Mr. LODGE. Mr. President, before the Senator enters on that amendment, I wish to say that the arrangement about these articles is somewhat confused. They appear in the free list with a 50-year limitation, as I understand; that is, all etchings and engravings more than 50 years old come in free.

Mr. SMOOT. There is also a limitation as to certain institutions.

Mr. LODGE. This paragraph would cover, if I am right, etchings and engravings less than 50 years old whose chief value is paper.

Mr. SIMMONS. The Senator from Maine [Mr. JOHNSON] has just moved to strike out those words.

Mr. LODGE. I understand that; but that will leave the duty on them at 15 per cent, while they are now on the free list, as I understand.

Mr. President, I am glad that so much has been done for engravings and etchings—that they have been freed from a duty of 25 per cent—but I regret the increase that has been made over the House rate, which, I believe, is a repetition of the present law, if I remember rightly. I regret still more the extension of the term to 50 years, but that comes up more naturally in connection with the free list; so I shall not detain the Senate further at this point than to say that I think it is a great pity to increase the duty on paintings and sculpture. I think it is to the interest of the whole country that the duties on articles of this character, if they are to be made dutiable, should be very low. Art museums, which are established for the pleasure and benefit of the general public, are springing up all over the country from Texas to Maine. They are places of great resort and great pleasure to the people of every town where they are located.

The paintings that are brought in by private individuals are sure to find their way sooner or later to those public museums. Of course, I am aware that public museums can bring these articles in free now, but I think it is a great mistake in public policy to increase the duty on works of art. I wish that this amendment could be defeated and that the House rate could remain.

Mr. JOHNSON. I find on referring to paragraph 416 of the present law that engravings and etchings are made dutiable at 25 per cent ad valorem, and the same language is used in the present law as is used in the pending measure, namely, "all the foregoing, wholly or in chief value of paper." I have moved to strike out those words. We simply followed the existing law in that particular. Under paragraph 337 of the pending bill these articles will be dutiable at 15 per cent.

Mr. LODGE. It was the repetition of a very foolish description, I think, to apply to etchings and engravings.

Mr. JOHNSON. I fully agree with the Senator. It seems to me the amendment which has been offered is necessary.

Mr. LODGE. I think so.

Mr. JOHNSON. The value is not in the paper, of course; it is in the skill of the artist or workman.

Mr. LODGE. I am one of those who were responsible for that law, and I am free to say that that was a piece of folly that I did not know was in it.

Mr. THOMAS. That is not the worst piece of folly in it.

Mr. ROOT. May I suggest to the Senator from Maine that striking out those words from paragraph 337, which corresponds to paragraph 416 of the old law, might involve some difficulty regarding the other articles enumerated in the section. If there were nothing but engravings and etchings, it would be quite simple, but paragraph 337 covers "blank books, slate books, and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter."

The limitation "wholly or in chief value of paper," I suppose, would bear a pretty important relation to a good many articles. For instance, a bound book comes in. That book might be classified quite differently, according as the chief value is in the binding or the chief value is in the paper. A book may come in which has a certain amount of engraving, little vignettes or engraved title pages or incidental engravings or etchings.

Mr. JOHNSON. I suggest to the Senator from New York that the words to which he refers would not apply to books, because that part of the paragraph which relates to books is cut off by a semicolon. The qualifying words "wholly or in chief value of paper" relate only to "blank books, slate books, and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter." It seems to me the criticism made by the Senator from Massachusetts as to engravings and etchings would apply to music in sheets. The value would not be in the paper, but must be in the music and in the skill and art of the composer, and as to a map or a chart that would also be true.

Mr. ROOT. Still there are many things in the paragraph which are subject to the suggestion which I have made.

Mr. JOHNSON. The blank books and slate books——

Mr. ROOT. Pamphlets——

Mr. JOHNSON. And possibly pamphlets.

Mr. ROOT. And possibly maps and charts.

Mr. JOHNSON. It seems to me that with respect to a pamphlet it would be the written matter, the thought of the author, which gives it value and not the paper upon which his thoughts are printed.

Mr. ROOT. That may be, but not necessarily so. I know there is a practical line of distinction in the application of the customs laws on account of these words. Although my memory about it is very vague, I know it exists, and I think the Senator had better not strike out those words now on the floor without further consideration.

Mr. JOHNSON. I shall be very glad to take the suggestion of the Senator and pass the paragraph over.

Mr. ROOT. It is perfectly clear that the chief value of an etching, an engraving, a map, or a chart can not be in the paper on which it is printed. The limitation "wholly or in chief value of paper" could be taken away from etchings, engravings, maps, and charts and applied to blank books, slate books, and pamphlets.

Mr. JOHNSON. I suggest that the amendment may be adopted. Then we can look into it, and, if necessary, recur to it again.

Mr. ROOT. Certainly; the Senator could rephrase it in a few moments so as to make it meet those objections.

The VICE PRESIDENT. The question is on agreeing to the committee amendment as amended on page 120, paragraph 386.

The amendment as amended was agreed to.

The SECRETARY. The next amendment passed over is on page 124, paragraph 403½, alizarin, etc.

Mr. SMOOT. In that paragraph, in line 20, I move that the comma between "alizarin" and "anthracene" be stricken out.

Mr. LODGE. What has become of paragraph 386 and the amendment to it? We have suddenly changed the subject to anthracene.

The VICE PRESIDENT. The amendment was agreed to as amended.

Mr. LODGE. I did not hear the question put.

Mr. ROOT. Mr. President, the agreement to the amendment in paragraph 386 was made through my own inadvertence without my observing it. I should be glad to have put in the RECORD an expression of my strong desire that the duty upon works of art should not be increased. I sincerely hope that in conference the House——

Mr. SIMMONS. I will state to the Senator from New York that we have not been able to hear what he has said over here because of the confusion.

Mr. ROOT. I was expressing a very strong desire that the duty on works of art should not be increased. I think the importation of all the things which are enumerated in this section and which were to be admitted under the House provision at 15 per cent ad valorem, the duty on which is raised by the Senate committee amendment to 25 per cent ad valorem, contributes materially and generally to the happiness and improvement of our people. I think it is a great mistake to increase the duty upon them. The way in which paintings and sculptures get into our museums is by reason of their having come to this side of the Atlantic. They do not stay here very long before they find their way into the places where all of our people can see them, and there are millions of people who themselves can not afford to have works of art who in all of our important cities have an opportunity to see them. I think it is a great pity that we should take a step backward, and I am sorry to see the Senate do so.

Mr. THOMAS. Mr. President, this paragraph has brought into discussion the action of the committee in reference to works of art somewhat prematurely, but perhaps it is as well here as at any other time that I should express my views upon that subject, inasmuch as it is directly connected with paragraph 386.

The committee placed certain works of art upon the dutiable list after full consideration and much disagreement, and provided that they should be free listed under certain circumstances, which are enumerated in paragraphs 657, 658, and 659, as I remember, and which, when complied with, will produce all of the good consequences which are predicated of free listing all works of art, as that term is understood.

There is no question about the educational value of all works of art. There can be no dispute about the fact that in proportion to the extent to which they can be enjoyed and viewed by the public they should be made as free as possible. They appeal to the best that is in human nature among all classes and conditions of men. The desire to have them freely exposed to the public view, thus being practically the property of all men, through their privilege of seeing them at all times, is perfectly natural. But we know that a great many of the most valuable paintings, statuary, antiquities, and other works of art are acquired at enormous prices and brought to this country by many of our very wealthy people for their private collections, immured from all public inspection, and restricted to themselves and to their immediate friends and admirers as something acquired to satisfy a taste or a fad, and to which the public are denied all access.

The prices which are paid for these articles are of secondary importance to those desiring and able to buy them. The fact that they are in the possession of these people is of itself a sufficient gratification of the purpose for which they have been secured. In other words, they are acquired for just the same reasons that beautiful carpets, furniture, and other decorations of the houses and palaces of the very wealthy are acquired.

It is true that in many instances, perhaps in most of them, these collections ultimately reach public institutions, art galleries, and other places for public exhibition and to which all have access. It is true, also, that they are frequently acquired directly by these institutions, and thus go to them at once, in which event there is no duty or the duty is refunded. The theory upon which these paragraphs were finally agreed upon by the committee is, as far as possible, to make these works of art public property and to do away, if possible, with, by discouraging the custom, making private collections of them, in which event they disappear from the galleries of the Old World and are immune to all but the few after they reach our shores.

Personally, I consider it a great misfortune that any of the great works of art, justly celebrated in all ages and everywhere, should become the private property of any individual or individuals; because just in proportion as they are so acquired and pass into private collections, just in that proportion does the public suffer, and just in that proportion is it deprived of something to which it is not only entitled, but to which these articles are almost a necessity.

We have provided that whenever any work of art or any collection of paintings, statuary, or similar articles, within a period of five years after the time the work or the collection may be secured, are either given or sold or otherwise transferred to any public institution whose doors are open to the public without charge for at least four days a week for eight months in the year the duties which this bill place upon these articles when purchased will be refunded, and when purchased directly by or for these institutions they are admitted duty free. In other words, if an individual to-day obtaining possession, at whatever price, of a painting, a piece of sculpture, or other work of art either presents or sells it to any such public collection or public institution the amount of the duty which has been paid is refunded. We offer, as far as we can, a premium to the liberal spirit—the public spirit, if you please—of those whose means enable them to acquire and to become the owners of these valuable collections and who may desire to become public benefactors as well. Hence, art is not penalized so long as publicity with reference to its objects becomes possible. But wherever these articles are to be secured and collected simply as a matter of personal pride or vanity or self-gratification, and then segregated, so to speak, from the public gaze, I do not know of any principle which justifies the nation that such acquisitions should be permitted without the imposition of a duty, thereby giving a revenue to the Government.

Senators on the other side have bitterly opposed many of the provisions of this measure affecting the various necessities of life, and have tearfully prophesied disaster to certain industries dealing in commodities that are essential to human existence because we propose to relieve them of duty. Now, when we come to articles, in so far as private ownership is concerned, which are absolutely luxuries in their nature, the same gentlemen as tearfully protest, and insist that we are practically levying a tribute upon a means of public education, diverting and perverting the power of taxation from its legitimate uses and applying it to something that should always be exempt from its operation.

Mr. President, the fad or habit of investing in beautiful and valuable paintings and sculptures and other works of art, both ancient and modern, with little regard to expense, has become so common with a certain class of wealthy Americans that the production of their imitations has become an established and recognized industry in the countries of the Old World. Spurious imitations of every conspicuous and famous work of art known to civilization, and of many that were never heard of, are manufactured on an extensive scale and palmed off upon the careless, the unsuspecting, and the ignorant. These are brought here, and will be brought here, free of duty—if present conditions continue—by the credulous and the ignorant purchaser. So that it is now almost a byword that the average American millionaire, eager for his art collection, invests his hundreds of thousands in pictures and in sculptures, and in other so-called works of art, and may or may not have acquired what he thinks he has obtained.

Shall such spurious products be admitted into this country free of duty? Shall we practically place a premium upon the manufacture and sale of these imitations, upon the theory that the genuine works should be admitted free of duty because they tend to elevate and uplift and idealize all sorts and conditions of men?

The purpose of this duty is to penalize, as far as a revenue tax will do so, that industry, which is constantly growing and will continue to grow so long as the acquisition of works of art simply to gratify the personal vanity of those who obtain them continues to be one of the recognized fashionable and popular methods of spending money in large quantities by rich Americans in Europe.

Wherever and whenever any commodities included within this and the other paragraphs relating to the subject are brought to this country by or for public halls and galleries, and are placed where the public can have access to them, no man, Democrat or Republican, would, I think, care for a moment to discuss, much less to insist upon, the assessment of a duty. As a consequence, we have said or propose to say in this bill that while acquisitions of that sort are to be encouraged and made free, private purchasers shall be required to pay a duty upon

what they may purchase and bring here, and to that extent contribute to the revenues of the Federal Government.

A very distinguished Republican statesman some years ago expressed himself so much better upon this subject than it is possible for me to do, and covered the ground so much more fully than I can be expected to cover it upon the impulse of the moment, that I desire to read an extract from his remarks in the House of Representatives on the 22d day of March, 1897. On that occasion Representative Dingley, of Maine, then chairman of the Committee on Ways and Means, whose name the tariff bill of that year bears, and which bill, like ours, included in the dutiable list this sort of property, said:

Inasmuch as there is some criticism of the committee in transferring paintings and statuary from the free list, where they were placed in 1894, to the dutiable list, except where such articles are imported for an established art gallery which has free days for the public, it is proper that the reasons should be presented for the transfer, for when these reasons are carefully considered the critics will, for the most part, see that the change is necessary to cut off abuses.

The subject was brought to the attention of the committee by the president of the Board of General Appraisers, at New York, who pointed out that under the "free-art" provision, so called, about $4,000,000 in value of these articles had been imported free of duty, and that not 10 per cent of them had gone into any art gallery or anywhere else that the public could reach them. Generally they had gone into private houses.

Let me digress here for the purpose of suggesting that a similar report upon the same subject made to-day would doubtless disclose a similar discrepancy between the number of these articles brought into this country for private collections and the number which have been placed in public institutions.

Mr. Dingley proceeds—and I commend this to the careful consideration of Senators on both sides of the Chamber:

The committee could see no reason why a millionaire should be able to import free of duty hundreds of thousands of dollars' worth of paintings and statuary for the decoration of his own house—not for the cultivation of the general public taste—while every humble citizen of the country is contributing his part toward the expenses of the Government. Therefore, while still allowing the free importation of art articles, paintings, statuary, etc., for museums or galleries or other institutions where the public may reach them, we have so modified this paragraph as to make other importations dutiable.

So far as articles of this class are, when imported, used in such a way that the public may reap the fruits of them, your committee are perfectly willing that they should be admitted free, but they do not think that in the present exigency of the Treasury such articles should be kept upon the free list when they cease to be public educators of the esthetic tastes of the masses of the people.

Of what value to the public are the great collections of some of the wealthy denizens of the leading cities of this country, immured like prisoners in dungeons in their own private collections, to which no man or woman, save by their gracious permission, can have access? Why should we permit importations of that sort to be made free of duty when we levy large tribute, and must do so, upon everything entering into the affairs and daily transactions and affecting the very existence of a hundred millions of people? It seems to me that if a single commodity can be named that ought to bear a duty, and perhaps a prohibitive duty, it is a great and valuable work of art when purchased and retired from the active world by some wealthy and selfish individual.

Futhermore, it is reported by the administrators of the law that there have been abuses of an extensive character. It is the testimony of the appraisers of the customhouse that under this innocent provision, conceived for an excellent purpose, appropriate within its legitimate sphere, there have been imported, under the guise of paintings, fans, worth from five hundred to a thousand dollars, with painted designs on them. These have been admitted free on the ground that they were paintings for the purpose of cultivating the æsthetic tastes of the people of the country.

Articles like these, which are conspicuous, perhaps, as necessities in public and private social gatherings where turkey trots and similar dances form the chief methods of modern enjoyment, Senators contend that works of art like these, dangling from the waists of women and worth thousands of dollars, must forsooth be permitted to come into this country free of duty as necessities, while bread and meat and other necessities of life go there only over the protests of Senators who are so much concerned about the protection and salvation of the æsthetic tastes and desires of the country.

Now your committee believe that in the present condition of the Treasury all articles which are simply for personal adornment, for personal use, for furnishing the houses of individual citizens—whether these articles be called paintings, statuary, or what not—should pay the same duty as similar articles under other conditions, but that where these articles are to be placed in an institution or art gallery, in order that the people of the country may have free admission to them, at least on some day, for the cultivation of æsthetic tastes, it is entirely appropriate that they should be admitted free; but we believe that such admissions should stop here and should not extend further.

That was both Republican and Democratic doctrine then. It is Democratic doctrine now. Let me read further from Mr. Dingley's speech:

Let me call your attention to the fact that under the provision allowing the free importation of antiquities and souvenirs "antiquity" and "souvenir" establishments have been set up in various parts of Europe manufacturing furniture in antique form, draperies, and other articles of that kind, and these have been admitted free of duty, while other people were paying duty upon the articles which they chose to import.

It is time that some of these abuses should be cut off. The original intention was all right, but in matters of revenue it is found that when the camel's nose gets into the tent for an appropriate purpose the body sooner or later follows and takes possession of the tent.

The truth of the last sentence is obvious and applicable to every industry to which the principle of protection has been extended.

Rich Americans are called "Johnnies" in art purchases, but the June number of the Strand for this year has an article by F. Frankfort Moore, an English collector, which shows that "art dupes" are not confined to the millionaires of the United States. High art has come to be a most artful dodge throughout the world, and the esthetic taste of the people is everywhere fed upon spurious paintings and fake drawings. It is narrated by Moore that a fine-art dealer sold an early Rubens to an English major for $30 in the frame. A brother officer called and wanted one just like the other, but to cost no more. The dealer told him it could be arranged, but that he would need a day to get Rubens No. 2. He then said, "If you will take a pair of the same Rubens, I might shade the price." A tradesman bought some "old Dresdens" which a leading English magazine of art catalogued as real "Dresden gems." The pictures got into court under some process and every one of them was proven spurious. It may be that the tradesman recouped his loss by working them off on rich Americans, and that they were admitted duty free under the spurious guise of educating the public taste.

But, Mr. President, the hour of 6 o'clock has arrived, and I shall not detain the Senate by a further discussion of the subject. Suffice it to say that the matter has been fully considered and disposed of along the line of the Dingley bill. Where we find a precedent from any source which addresses itself to our sound judgment we accept it, and we have accepted that part of the Dingley bill which declares that art shall be free when it is free in fact, but that it shall be dutiable when the subjects to which it relates are simply garnered as a means of gratifying the vanity and the ostentation of the idle rich.

The VICE PRESIDENT. The question is on the amendment proposed to paragraph 403½, to strike out the comma.

Mr. SMOOT. I should like to have the paragraph passed over until to-morrow, because I have another amendment to follow that. It is now after 6 o'clock.

Mr. SIMMONS. I ask that the bill be laid aside for the day.

The VICE PRESIDENT. The bill will go over.

EXECUTIVE SESSION.

Mr. BACON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes of executive session the doors were reopened, and (at 6 o'clock and 6 minutes p. m.) the Senate adjourned until to-morrow, Thursday, September 4, 1913, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate September 3, 1913.

POSTMASTERS.

COLORADO.

M. J. Brennan, Leadville.
William A. White, Holyoke.

ILLINOIS.

John H. McGrath, Morris.

MISSISSIPPI.

R. L. Broadstreet, Coffeeville.

WASHINGTON.

George P. Wall, Winlock.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *September 3, 1913.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou, who art the All in All, the Alpha and Omega, our God, and our Father, in whom are life, truth, justice, mercy, love; Thou knowest the beginning and the end.

"Behold! we know not anything;
We can but trust that good shall fall
At last—far off—at last, to all,
And every winter change to spring."

Sometimes we stumble and fall, but that is proof of strength. Sometimes we doubt, but that is the evidence of faith. Sometimes we despair, but that is the evidence of hope. Sometimes we even dare to hate, but that is evidence of love. Impart